

STATE OF NEBRASKA

2013 ANNUAL ACTION PLAN

Housing and Community Development Programs



DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF COMMUNITY AND RURAL DEVELOPMENT

Effective July 1, 2013 - June 30, 2014

TABLE OF CONTENTS

2013 Action Plan Acronym List	iv
Section One: Executive Summary and Citizen Participation Plan	
Executive Summary	1 – 2
Citizen Participation	1 – 6
Public Comment Period	1 – 6
Public Hearings	1 – 7
Summary of Public Comments	1 – 8
Section Two: Introduction and National and State CDBG Objectives	
Introduction	2 – 2
Allocation of 2013 Funds	2 – 3
National and State CDBG Objectives	2 – 6
National CDBG Objectives	2 – 7
State of Nebraska’s CDBG Goal	2 – 8
Distribution of Other Funds	2 – 10
Program Income	2 – 11
Monitoring Standards and Procedures	2 – 20
Other Actions	2 – 22
Nebraska Outcome Performance Measurement System	2 – 31
Section Three: Housing Priority	
Priority Statement and Objectives	3 – 2
Actions for the 2013 Program Year	3 – 4
Housing Funding Categories	3 – 8
Disaster Emergency Housing Fund	3 – 10
Rental Housing	3 – 11
Homebuyer Programs	3 – 12
Owner-Occupied Rehabilitation Programs	3 – 13
Non-Profit Operating Assistance	3 – 14
Other Eligible Activities	3 – 15
NAHP Housing Application Annual Cycle Review Criteria	3 – 15
NAHP CDBG Owner Occupied Rehabilitation Cycle Review Criteria	3 – 23
Program Income	3 – 27
Combined LIHTC/HOME Annual LIHTC Set Aside Review Criteria	3 – 32
NAHP Annual Cycle and CBG OOR Cycle Information Summary	3 – 34
NAHP Allocation of Funds Process	3 – 36
Exhibit 1-2013 Nebraska Affordable Housing Trust Fund Regions	3 – 40
Exhibit 2-Nebraska U.S. House of Representatives Congress. Districts	3 – 41
Section Four: Community Development Priority	
Priority Statement and Objectives	4 – 2
Actions for the 2013 Program Year	4 – 4
Comprehensive Revitalization Funding Category	4 – 6
Comprehensive Investment & Stabilization Funding Category	4 – 10
Community Development Funding Category	4 – 20
Planning Funding Category	4 – 30
Downtown Revitalization Funding Category	4 – 35

Section Five: Economic Development Priority	
Priority Statement and Objectives	5 – 2
Actions for the 2013 Program Year	5 – 3
Economic Development Funding Category	5 – 5
Tourism Development Funding Category	5 – 18
 Section Six: Homeless Services Priority	
Priority Statement and Objectives	6 – 2
Actions for the 2013 Program Year	6 – 2
The Nebraska Homeless Assistance Program (NHAP)	6 – 4
Distribution of NHAP Funds	6 – 10
Nebraska Management Information System (NMIS)	6 – 11
2013 NHAP Continuum of Care Regions Map	6 – 12
 Section Seven: HOPWA Services Priority	
Priority Statement and Objectives	7 – 2
Actions for the 2013 Program Year	7 – 4
Diagram of Infectious Disease Prevention & Care Unit	7 – 6
Nebraska AIDS Project Office Locations	7 – 7
 Section Eight: Application Acceptance Dates and Categorical Distribution	
2013 Application Acceptance Dates	8 – 2
2013 Categorical Distribution Table	8 – 4

2013 ANNUAL ACTION PLAN ACRONYM LIST	
AIDS	Acquired Immune Deficiency Syndrome
APR	Annual Performance Report
CDBG	Community Development Block Grant
CFR	Code of Federal Regulations
CHAS	Comprehensive Housing Affordability Strategy
CHDO	Community Housing Development Organization
CNF	Community Need Factors
CoC	Continuum of Care
CR	Comprehensive Revitalization
CRD	Community and Rural Development
CWSRF	Clean Water State Revolving Fund
DED or NDED	Nebraska Department of Economic Development
DEQ	Nebraska Department of Environmental Quality
DHHS or NDHHS or HHS	Nebraska Department of Health and Human Services
DTR	Downtown Revitalization
DWSRF	Drinking Water State Revolving Fund
ED	Economic Development
ESG	Emergency Shelter Grant
HCDA	Housing and Community Development Act
HIV	Human Immunodeficiency Virus
HMIS	Homeless Management Information System
HOPWA	Housing Opportunities for Persons with AIDS
HSATF	Homeless Shelter Assistance Trust Fund
HUD	U. S. Department of Housing and Urban Development
LMA	Low to Moderate Income Area Benefit
LMC	Low to Moderate Income Limited Clientele
LMH	Low to Moderate Income Housing
LMI	Persons with Low to Moderate Income
LMJ	Low to Moderate Income Jobs
MOU	Memorandum of Understanding
NAHP	Nebraska Affordable Housing Program
NAHTF	Nebraska Affordable Housing Trust Fund
NCHH	Nebraska Commission on Housing and Homelessness
NCIP	Nebraska Community Improvement Program
NDO	Nonprofit Development Organization
NHAP	Nebraska Homeless Assistance Program
NIFA	Nebraska Investment Finance Authority
NMIS	Nebraska Management Information System
NOFA	Notice of Funding Availability
PW	Public Works
RFA	Request For Applications
RLF	Revolving Loan Fund
TA	Technical Assistance
USDA	U.S. Department of Agriculture
WW	Water Wastewater
WWAC	Water Wastewater Advisory Committee

Section One: Executive Summary and Citizen Participation Plan

EXECUTIVE SUMMARY

The 2013 Annual Action Plan (AAP) is the fourth annual plan and update to the *Nebraska Housing and Community Development Program's Consolidated Plan* (Consolidated Plan), a five-year plan (2010-2014) addressing the State's housing and community development needs. The purpose of each annual action plan is to: Summarize the State's five-year priorities and objectives for housing, homelessness, HOPWA services, community development, and economic development; Describe what the State proposes to further the five-year priorities and objectives of the Consolidated Plan; Explain the State's method of distribution for CDBG, HOME, ESG, HOPWA, HSATF, and NAHTF funds. Activities funded from these six programs must meet the priorities identified in the Consolidated Plan; List the resources available to grantees and the State to further the five-year objectives; Report on specific items required by the U.S. Department of Housing and Urban Development (HUD), including, but not limited to, lead-based paint actions and removal of barriers to affordable housing; and Review citizen comments about the 2013 Annual Action Plan and provide responses to those citizen comments.

HUD Standard Form 424 (Application for Federal Assistance) is submitted as part of the plan to request federal funding for the State of Nebraska.

The 2013 AAP summarizes priorities and categories for the distribution of approximately:

\$10 million in CDBG funds, \$2.7 million in HOME program funds, \$690,000 in ESG funds, and \$328,000 in HOPWA funds from the U.S. Department of Housing and Urban Development (authorized under the Housing and Community Development Act of 1974, as amended); \$2 million in HSATF and \$6 million in NAHTF.

The document also describes program priorities and projected use of funds as well as any funds: (1) remaining or recaptured from previous CDBG allocations; (2) reallocated by HUD to the State; and (3) from program income to be distributed by the State during 2013.

“The primary national CDBG objective is to develop viable urban communities by providing decent housing, suitable living environments, and expanding economic opportunities, principally for low-and moderate-income persons (LMI).” The national objectives, as defined and clarified by the Department of Economic Development (DED), are outlined in the 2013 AAP and include clarifications for: “Low-and moderate-income persons”, “Slums and Blight”, and “Community development needs having a particular urgency”.

Monitoring standards and procedures that are used by DED and the Nebraska Department of Health and Human Services (DHHS) to ensure that all statutory and regulatory requirements are being met for activities funded with HUD funds are included in the 2013 AAP.

As required by HUD, Other Actions including Underserved Needs, Foster and Maintain Affordable Housing, Remove Barriers to Affordable Housing, Evaluate and Reduce Lead Based Paint Hazards, Reduce the number of Poverty Level Families, Develop an Improved Institutional Structure, Enhance Coordination Between Public and Private Housing and Social Service Agencies, and Fostering Public Housing Resident Initiatives are also described in the 2013 AAP.

The State of Nebraska identified five priorities, which summarize the goals of the five-year Consolidated Plan.

The main priorities and objectives within the 2013 AAP include:

- 1) **Housing Priority**: Respond to needs for affordable, decent, safe, and appropriate housing as part of balanced economic development in Nebraska.

Objectives:

- Promote additional affordable rental housing and preservation of affordable rental housing in selected markets.
- Promote housing preservation by improving the quality of Nebraska's existing affordable housing stock.
- Promote additional households into homeownership by expanding affordable homeownership opportunities.
- Enhance statewide understanding of fair housing law through outreach and education.

- 2) **Community Development Priority**: Strengthen Nebraska communities through community development programs and services in order to provide a stable platform for economic development.

Objectives:

- Improve the quality of water and wastewater in Nebraska and assist in developing and financing appropriate infrastructure for communities and counties that have planned and set priorities for long-term development.
- Invest in quality projects that are identified in a formal community development plan; complement or support related community investments; leverage maximum private and/or other investment; and have reasonable plans for long-term operation and maintenance.
- Increase capacity, efficiency, and effectiveness of local planning efforts resulting in long-term development.

- 3) **Economic Development Priority**: Foster the competitiveness of Nebraska's business and industrial sector—and as a result—assist in the economic development of Nebraska's communities and people.

Objectives:

- Promote the retention and expansion of existing businesses in Nebraska, and the startup of new businesses in Nebraska, and the immigration of out-of-state businesses relocating or expanding into Nebraska.
- Invest in public facilities and improvement activities that make economic opportunities

available to low-and-moderate income persons.

- Invest in effective and affordable tourist attractions (for profit or nonprofit) in quality communities that will result in visitor spending, generate jobs, and promote long-term economic development.
 - Undertake planning activities that may include but are not limited to: a feasibility study, an environmental review, preliminary site planning, site predevelopment, market analysis and a marketing plan; all in preparation for a larger project.
- 4) **Homeless Services Priority:** Ensure appropriate emergency shelter, transitional housing and homeless assistance and prevention services for people who are homeless or at risk of homelessness [this does not include serving individuals or families otherwise living in housing that has characteristics associated with instability and an increased risk of homelessness, as defined in the U.S. Code of Federal Regulations Title 24 §576.2(1)(iii)(G)] by distributing U.S. Department of Housing and Urban Development Emergency Solutions Grant (ESG) funds and Nebraska Homeless Shelter Assistance Trust Fund (HSATF) funds.

Objectives:

- Provide appropriate shelter and/or housing to people who are homeless and/or at imminent risk of becoming homeless.
 - Provide needed services to people who are homeless and/or at imminent risk of becoming homeless.
- 5) **HOPWA Services Priority:** Ensure appropriate emergency and/or permanent housing and services are targeted for persons and their families living with HIV/AIDS who are homeless or at imminent risk of becoming homeless by distributing funding to project sponsor to carry out direct client services.

Objective:

- Provide housing assistance and related supportive services to low income persons with HIV/AIDS and their families and enable low income person with HIV/AIDS to achieve stability in housing, reduce risks of homelessness, and increase access to healthcare.

The 2013 AAP includes specific performance indicators designed to measure progress toward meeting the priorities and objectives identified in the AAP. In addition, the AAP includes an outline of the State's proposal to distribute funds to address needs.

Nebraska has created an "Outcome Performance Measurement System" to better measure accomplishments of activities funded with CDBG, HOME, ESG, and HOPWA. Those activities include: Public Facilities or Infrastructure; Rental Rehabilitation; Homeownership Units Constructed, Acquired, and/or Acquired with Rehabilitation; Owner Occupied Rehabilitation; Down Payment Assistance; Job Creation; Job Retention; Business Assistance; Tenant-based

Rental Assistance, Homeless Services; and Homelessness Prevention. More information can be found in Section Two.

Prior to the submittal of this 2013 Annual Action Plan, the State submitted the 2012 Annual Action Plan (the third of five plans under the 2010-2014 Consolidated Plan), which was accepted by HUD and resulted in awarding the State of Nebraska federal funds in July 2012.

EVALUATION OF PAST PERFORMANCE

The State of Nebraska has been successful in its efforts to address the priority needs identified in the *2010-2014 Consolidated Plan*. The State has worked hard to further the primary national CDBG objective of developing viable urban communities by providing decent housing, suitable living environments, and expanding economic opportunities, principally for low-and moderate-income persons (LMI). The projects selected by the State each year address the priority needs identified in the State's *2010-2014 Consolidated Plan*.

Specific details about past performance by the State on priorities covered by the *2005-2009 Consolidated Plan* and strategies contained in Annual Action Plans are available through the State's Annual Performance Reports that are submitted to HUD each year. The 2011 Annual Performance Report was submitted to HUD in September of 2012 and is the most recent report submitted. The Report contains information regarding significant achievements in meeting the needs of Nebraskans. The State began utilizing its Outcome Performance Measurement System in 2006. This measurement system allows the State to better measure the accomplishments of activities funded with CDBG, HOME, ESG, and HOPWA.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

CITIZEN PARTICIPATION

INTRODUCTION

Citizen participation is an essential component of a statewide planning effort. Nebraska strongly encourages public participation throughout the consolidated planning process.

OPPORTUNITIES FOR PUBLIC PARTICIPATION

The importance of public participation (including consultation with advisory groups) in the development of the AAP cannot be overstated. Each year DED must update objectives and describe the State's method of distribution of funds to effectively utilize HUD assistance. Public hearings are held to obtain citizen comments on the AAP. The hearings are held at times and locations considered convenient to potential and actual beneficiaries, and with accommodations for persons with disabilities. Opinions from the public regarding the best time and date for such hearings are welcome.

Citizens and other interested parties are given an opportunity for reasonable and timely access to information and records relating to the AAP, and the use of assistance under the programs it covers. Copies of the *2013 Annual Action Plan*, the State's 2010-2014 *Consolidated Plan*, and other related information may be obtained by accessing the Department's website at:

<http://www.neded.org> or by contacting a staff member at one of the numbers listed at the beginning of this document.

Official advisory groups to the State on the 2013 Annual Action Plan are the Nebraska Economic Development Commission and the Nebraska Commission on Housing and Homelessness (NCHH). Recommendations from these advisory groups are used to form the guidelines and objectives of DED's programs.

COMMENT PERIOD

The public comment period for the *Proposed 2013 Annual Action Plan* ran from November 8, 2012 through December 19, 2012. A news release announcing the comment period and public hearings were sent to media statewide and the information was also placed on Twitter and Facebook. In addition, notices were sent to approximately 1,600 persons including: Advisory Groups; Nebraska Housing Developers Association members; City, Village, and County Clerks; Community Action Agencies; Development Districts; the Nebraska Economic Developers Association; Housing Authorities; State Senators; Congressional Delegates; State Agencies; and CDBG Certified Administrators.

The *Proposed 2013 Annual Action Plan* was available at the public hearings and was posted on the DED website at: <http://www.neded.org/community/grants/documentslibrary-a-forms/annual-action-plan>. In order to increase the opportunities for public comment, the proposed plan was sent to 16 libraries throughout Nebraska that included: Alliance Public Library (Alliance), Auburn Memorial Library (Auburn), Garfield County (Burwell), Central City Public Library (Central City), Chadron Public Library (Chadron), Lexington Public Library (Lexington), Bennett Martin

Public Library (Lincoln), McCook Public Library (McCook), Jensen Memorial Library (Minden), Goodall City Library (Ogallala), W. Dale Clark Library (Omaha), Scottsbluff Public Library (Scottsbluff), Sidney Public Library (Sidney), Wayne Public Library (Wayne), Thomas County Library (Thedford), and Valentine Public Library (Valentine).

Public notices were also placed in the Scottsbluff Star-Herald, the North Platte Telegraph, the Norfolk Daily News, and the Lincoln Journal Star.

Two public videoconferences were conducted reaching ten locations as listed below.

November 8, 2012	PUBLIC COMMENT PERIOD BEGINS Proposed 2013 Annual Action Plan Made Available	
November 8, 2012	Public Hearing 12:00 pm – 2:00 pm (CT) Videoconference	<p><u>Lincoln</u> – NET, 1800 N 33rd Street, Main Board Room</p> <p><u>Kearney</u>—Voc Rehab, 315 W. 60th Street, Kearney</p> <p><u>Chadron</u> – Chadron State College, 10th & Main St., Burkhiser, Room 109</p> <p><u>Norfolk</u> – Northeast Community College, 801 E. Benjamin Ave., Maclay Bldg., Room 167A</p> <p><u>Scottsbluff</u> – Panhandle Research & Extension Center , 4502 Avenue I, High Plains Room</p>
November 13, 2012	Public Hearing 1:00 pm – 3:00 pm (CT) Videoconference	<p><u>Lincoln</u> – NET, 1800 N 33rd Street, Main Board Room</p> <p><u>Wayne</u> – Wayne State College, 1111 Main St., Conn Library, Room 31</p> <p><u>McCook</u> – McMillen Hall, 1205 E. 3rd St., Room 208</p> <p><u>Hastings</u>—Hastings Public Library, 2nd Floor, 517 W 4th Street</p> <p><u>O'Neill</u> – Avera St. Anthony's Hospital, 2nd & Adams St., Dining Conference Room</p>
December 19, 2012	PUBLIC COMMENT PERIOD ENDS	
May 15, 2013	FINAL 2013 ANNUAL ACTION PLAN MADE AVAILABLE	

SUMMARY OF PUBLIC COMMENTS ON THE PROPOSED 2013 ANNUAL ACTION PLAN

DED received 17 official public comments on the Proposed 2013 Annual Action Plan. Comments were received in writing by letter or e-mail during the official comment period November 8, 2012 through December 19, 2012.

All comments were logged as they were received. All comments of record are available to the public at DED. A synopsis of the comments and responses follow. DED written responses are in italics, bold, and indented.

Comment #1

Here is my concern: Pender needs money to demolish abandoned houses. The community would have to spend much money to tear these down and allow for in-fill housing. By the time the housing is destroyed and then hauled to a landfill the cost of the lot is much more than it is worth. We know there is DEQ money if you recycle – but this difficult to find a contractor that will take the time to do the recycling. Here is a good example. We have an old building on Main Street that has been braced because it is about to fall into our Main Street. The owners used it for rental property until it was so bad that they turned it over to the city because they do not want the responsibility of tearing it down. The current bid is \$159,000 to tear this building down. It shares a common wall with a “good” building. Our community cannot afford this type of costs. I’m sure others share our feelings. Thanks

Thank you for your comments regarding the need for demolition activities within the Nebraska Affordable Housing Program (NAHP) Annual Cycle application process. The Department recognizes that there is a need for eligible demolition activities as costs for demolition may be significant. The Department currently allows for demolition as an eligible activity through the Department’s NAHP for projects that are funded through the Nebraska Affordable Housing Trust Fund (NAHTF) and that primarily include other housing activities within the project.

Comment #2

Regarding the question of threshold requirements, relative to the percentage of existing grants that must be drawn down to meet threshold requirements. It would seem prudent to utilize the release of funds date in meeting threshold draw downs as opposed to the year the award is funded, as it is a more accurate reflection of the time that we have to utilize the funds. We have seen in many instances in our industry, that release of funds may not be obtained until the following year on fund awards. This comment assumes the Contract Transmittal Letter is dated three (3) months from the Award Letter and the requirement that Release of Funds conditions are met within three (3) months from the date of the Contract Transmittal Letter.

Thank you for your comments regarding the threshold requirements within Chapter 3 of AAP as it relates to the Nebraska Affordable Housing Program (NAHP). The Department has received a number of comments regarding the threshold requirements for the required percent of funds to be drawn down by both the Applicant and Administrator. The Department

has concluded that it is proper to only provide an expenditure threshold requirement for the Applicant and not require an expenditure threshold requirement for any Administrator. The Department has revised this threshold requirement within the 2013 AAP and within the 2013 NAHP Application Guidelines that require projects, for the same activity applied for, that have been open for more than 18 months since Release of Funds to have expended 50% of the NAHP funds and to require projects, for different housing activities, that have been open for more than 18 months since Release of Funds to have expended 25% of the NAHP funds.

Regarding the Department's priorities relative to application guidelines, I would like to see a regional and statewide process not led by government entities that is clearly defined, systematic, and inclusive to establish regional and statewide housing priorities. A public process that is more transparent in establishing Department priorities would be preferable. Awarding equal points for scoring on grant applications that meet regional and statewide housing priorities, following a clearly identified prioritization process, as the Department's housing priorities.

The Department recognizes the need for local prioritization of housing projects and has therefore removed the Department Priorities Section as noted within Section 3-18 of the 2013 AAP.

Because the Department is allowing for housing Applicants to determine the housing priorities within the local communities and regions, the Department has added a question within the NAHP Application Guidelines that allows the Applicant to describe their proposed project and include how the need for the project was determined and for the Applicant to describe the clearly defined, systematic, and inclusive public participation process, and the extent of public involvement, used to identify and address community needs and allocate resources.

In reference to program income, it is greatly appreciated that the Department currently allows some flexibility in using Program Income for affordable housing activities other than the original intent of the grant, as allowed by regulation or statute. I would encourage the Department to continue to allow Program Income to be used for any eligible affordable housing activity as opposed to the specific activity the grant that created the program income came from, if regulations or statutes don't prohibit doing so.

The Department continues to provide flexibility for housing organizations to use program income, particularly for projects that are funded through the NAHTF and HOME programs. The guidance that the Department has provided in the past, and guidance that continues to be relevant today, is that for NAHTF and HOME program income (i.e. reuse funds) an organization must use their program income for the same activities awarded within the original project, unless there are insufficient funds to complete the original activity, then it would be appropriate to use the program income for other housing related activities. This information would be noted within the Grantee's, Department approved, Reuse Plan.

For example, if the Department funds an Owner Occupied Rehab project, and program income is received, the Grantee should use the program income for additional OOR activities. If the program income funds are not sufficient to complete the OOR activity, then the Grantee

may use the program income funds for other housing related activities as identified within the Grantee's Reuse Plan (i.e. down payment assistance, etc.).

In regard to CDBG program income that is being utilized within a CDBG Housing Revolving Loan Fund, the Housing program income may be used for only owner occupied rehabilitation, down payment assistance, or rental rehabilitation (or a combination of those activities). Each unit of local government will be required to complete and submit a revised Reuse Plan to the Department for their CDBG Housing Revolving Loan Fund.

We are in favor of the change that allows the grant applications to be postmarked by the deadline versus received in the Department's office. That is a nice accommodation for those of us outside of the Lincoln or Omaha metropolitan area with slower mail service.

Thank you for your comments regarding the Departmental change which allows for grant applications to be postmarked instead of requiring the applications to be received in the Department's office by the due date.

The Board of Directors for the Nebraska Association of CHDOs adopted the following Housing Needs Priorities:

1. Development activity - purchase rehab resale and new construction of rental units or single-family housing for homeownership. Development activity has a strong economic impact in communities.
2. Homeownership Programs build strong communities and require continued investment. 3. Owner-occupied rehabilitation is an ongoing need.
4. Demolition activity is the lowest priority when there is limited funding e.g., under \$10M in receipts to the NAHTF, unless it is associated with revitalization or development activities.

Thank you for your time and consideration of the enclosed comments.

Thank you for your comments regarding housing needs priorities. As previously stated, the Department recognizes the need for local prioritization of housing projects and has therefore removed the Department Priorities Section as noted within Section 3-18 of the 2013 AAP. If your organization believes that the above mentioned housing priorities should be pursued then these should be addressed within an application within the NAHP Annual Cycle.

Comment #3

Below you will find our public comments in relation to the 2013 Annual Action Plan. Thanks for giving us the opportunity to comment. If you have questions, please don't hesitate to email or call.

• **Threshold Requirements** - The Central Nebraska Housing Developers would like to provide public comments for the 2013 Annual Action Plan concerning the Threshold Questions for the Homebuyer, Owner Occupied Rehab, Capacity Building, and Rental Programs.

While we recognize the need to ensure that grant programs move along during the grant contract period, we believe the thresholds that pertain to the Administrators are overreaching for the housing program, and we offer the following comments:

In 2006 when the Central Nebraska Housing Developers was formed, grantees were required to submit quarterly progress reports to the Nebraska Department of Economic Development Housing Team, to report on progress of each grant. If a grant was experiencing barriers to meet the targeted timelines, the Housing Team was aware of the status and could provide suggestions on ways to move the project along. In approximately late 2007 or early 2008, this quarterly report requirement was ceased.

We would support the State of Nebraska reinstating the quarterly reporting system, to keep the State apprised of grant status throughout the grant timeline. All grantees and their administrators strive to keep housing grant projects accomplished within the Implementation Schedules that the State has approved; however, there are times when unforeseen market conditions arise that were not present when the projects were approved, that impact the progress of a housing project. Being required to submit quarterly reports would keep the State apprised of these facts, and may even show a trend that more than one grantee is experiencing.

Thank you for your comments. The Department recognizes the need to ensure projects are meeting their contractual obligations and are on pace with the implementation schedules submitted within the grantee's application for a project. Although quarterly Target Plans are no longer required by the Department for HOME and NAHTF projects, the Department does have the ability to complete informal project status requests from grantees as needed. These requests come from Housing Team representatives, including from the Housing Program Manager, the Housing Coordinator, and other NAHP Program Representatives. The information provided to the Housing Staff, in conjunction with information obtained through monitoring, grantee's request for NAHP technical assistance, and Housing Staff meeting with grantees provides the Department with the necessary information to determine whether or not projects are on track or whether additional assistance is needed.

With respect to the thresholds, the Central Nebraska Housing Developers would support goals for "applicants" to achieve, based on the Release of Funds dates for grants, rather than the NAHP Award Year, with reasonable percentages of completion that are based upon the grant implementation schedule that was approved by the State of Nebraska.

With respect to the "Administrator" thresholds that were proposed, we feel it is unfair that a new housing grant applicant's funding request will not be granted because an Administrator, who may be administering several housing grants in their region, is involved in a project that has not met the imposed threshold. This new threshold requirement would prevent a new community from even applying because of another project's delay in meeting the proposed threshold.

Thank you for your comments regarding the threshold requirements within Chapter 3 of AAP as it relates to the Nebraska Affordable Housing Program (NAHP). The Department has received a number of comments regarding the threshold requirements for the required percent of funds to be drawn down by both the Applicant and Administrator. The Department

has concluded that it is proper to only provide an expenditure threshold requirement for the Applicant and not require an expenditure threshold requirement for any Administrator. The Department has revised this threshold requirement within the 2013 AAP and within the 2013 NAHP Application Guidelines that require projects, for the same activity applied for, that have been open for more than 18 months since Release of Funds to have expended 50% of the NAHP funds and to require projects, for different housing activities, that have been open for more than 18 months since Release of Funds to have expended 25% of the NAHP funds.

● **Department Priorities Relative to Application Guidelines** - The Central Nebraska Housing Developers would like to provide public comments for the 2013 Annual Action Plan concerning the determination of Housing Priorities each year.

We feel that a grassroots effort including communities and regions in the state should be involved in the process to determine housing priorities for their areas, with housing grants to be awarded based on those regionally-identified priorities. The housing needs that are important for one region of the State may not be the same needs for another region. We recognize that the State must develop a five-year plan for housing; grassroots efforts to identify can contribute greatly to that five-year plan, plus the annual priorities.

An inclusive, systematic and explainable process should be developed to identify regional and/or statewide housing needs that will result in housing projects that make the greatest impact on each region of the state. The Central Nebraska Housing Developers would gladly work within such a process to determine housing priorities each year, and support housing funds being targeted towards priorities in each region of the state.

The Department recognizes the need for local prioritization of housing projects and has therefore removed the Department Priorities Section as noted within Section 3-18 of the 2013 AAP.

Because the Department is allowing for housing Applicants to determine the housing priorities within the local communities and regions, the Department has added a question within the NAHP Application Guidelines that allows the Applicant to describe their proposed project and include how the need for the project was determined and for the Applicant to describe the clearly defined, systematic, and inclusive public participation process, and the extent of public involvement, used to identify and address community needs and allocate resources.

● **Housing Grant Application Deadlines** - The Central Nebraska Housing Developers would like to provide public comments for the 2013 Annual Action Plan concerning Application Deadlines.

We support allowing applications to be postmarked by the deadline, rather than received in the Department's office by the deadline. The allowance of postmarks by the deadline levels the playing field between applicants who are located throughout the State.

Thank you for your comments regarding the Departmental change which allows for grant applications to be postmarked instead of requiring the applications to be received in the Department's office by the due date.

● **HOME Matching Requirement** - The Central Nebraska Housing Developers would like to provide public comments for the 2013 Annual Action Plan concerning HOME Matching Requirements.

We support changing the phrase concerning NAHTF allocation to be committed as HOME match FROM: "a minimum" of \$1,200,000 of the NAHTF, TO: "a maximum" of \$1,200,000.

The Department cannot provide a maximum cap on the amount of NAHTF funds that can be designated as the amount of match for the HOME program as the amount of matching funds required varies per year. However, the statement noted on page 2-3 of the Proposed AAP as footnote 7, the statement will be revised to correctly note "...\$675,000 of the NAHTF allocation will be committed as HOME Match to meet the 25% HOME Match requirement for the \$2,700,000 in non-administration funds.

Comment #4

1. Page 3-17, Threshold Questions regarding percentage of funds drawn down from prior grants

We at NEHI understand the need for timely spending of awards. However, because NEHI, along with other regional groups, writes grants for two different regions and sometimes for more than one type of program, it would seem prudent to list each year's awards in a separate question for points, rather than lumping four years of awards in an "all or nothing" situation. As is the case with NEHI's NAHP awards currently:

- a. the 2012 funds have not yet been released, so we cannot draw the required 25%,
- b. the 2011 funds have all been appropriated and it will be easy to draw 100% (required, 50%),
- c. the 2010 funds are in a different region and we are experiencing difficulty finding eligible projects (required, 90%),
- d. the 2009 and prior funds are 100% drawn as required.

Under the proposed scenario, NEHI gets no points. Under the suggested scenario, NEHI would receive 50% of the points.

Thank you for your comments regarding the threshold requirements within Chapter 3 of AAP as it relates to the Nebraska Affordable Housing Program (NAHP). The Department has received a number of comments regarding the threshold requirements for the required percent of funds to be drawn down by both the Applicant and Administrator. The Department has concluded that it is proper to only provide an expenditure threshold requirement for the Applicant and not require an expenditure threshold requirement for any Administrator. The Department has revised this threshold requirement within the 2013 AAP and within the 2013

NAHP Application Guidelines that require projects, for the same activity applied for, that have been open for more than 18 months since Release of Funds to have expended 50% of the NAHP funds and to require projects, for different housing activities, that have been open for more than 18 months since Release of Funds to have expended 25% of the NAHP funds.

2. Page 3-18, Department Priorities

We at NEHI would appreciate being included in the process for developing department priorities. We realize that strong homeownership programs currently exist in Nebraska, but do not feel that is a good reason to exclude homeownership from being a department priority.

The Department recognizes the need for local prioritization of housing projects and has therefore removed the Department Priorities Section as noted within Section 3-18 of the 2013 AAP.

Because the Department is allowing for housing Applicants to determine the housing priorities within the local communities and regions, the Department has added a question within the NAHP Application Guidelines that allows the Applicant to describe their proposed project and include how the need for the project was determined and for the Applicant to describe the clearly defined, systematic, and inclusive public participation process, and the extent of public involvement, used to identify and address community needs and allocate resources.

3. Pages 31-33, Program Income

NEHI supports the timely expenditure of program income and feels that the best way to support this is through the broadest possible array of acceptable AHP projects.

The Department continues to provide flexibility for housing organizations to use program income, particularly for projects that are funded through the NAHTF and HOME programs. The guidance that the Department has provided in the past, and guidance that continues to be relevant today, is that for NAHTF and HOME program income (i.e. reuse funds) an organization must use their program income for the same activities awarded within the original project, unless there are insufficient funds to complete the original activity, then it would be appropriate to use the program income for other housing related activities. This information would be noted within the Grantee's, Department approved, Reuse Plan.

For example, if the Department funds an Owner Occupied Rehab project, and program income is received, the Grantee should use the program income for additional OOR activities. If the program income funds are not sufficient to complete the OOR activity, then the Grantee may use the program income funds for other housing related activities as identified within the Grantee's Reuse Plan (i.e. down payment assistance, etc.).

In regard to CDBG program income that is being utilized within a CDBG Housing Revolving Loan Fund, the Housing program income may be used for only owner occupied rehabilitation, down payment assistance, or rental rehabilitation (or a combination of those

activities). Each unit of local government will be required to complete and submit a revised Reuse Plan to the Department for their CDBG Housing Revolving Loan Fund.

4. Page 3-36, Application Deadline

NEHI supports the use of a postmark to determine timeliness of delivery of Full Applications.

Thank you for your consideration of these comments.

Thank you for your comments regarding the Departmental change which allows for grant applications to be postmarked instead of requiring the applications to be received in the Department's office by the due date.

Comment #5

1. Threshold Questions (Requirements) - Relative to the percentage of existing grants that must be drawn down to meet threshold requirements.

Recommendation: Use the Release of Funds date on grant awards to meet threshold requirements versus the program year the award is funded from and make it relative to applicants only not administrators. We also recommend not having a threshold requirement for 2012 Program Year Funds. Typically, a grantee receives release of funds in January or February of the following program year, therefore it may be difficult or impossible to have 25% of a grant awarded with 2012 funds expended prior to the application deadline for 2013 Program Year Funds.

Project funds for a grant award may not be spent prior to the date of the Release of Funds letter. Therefore, it seems most logical for any threshold requirement relative to the expenditure of grant funds be connected to a date where grant funds may be spent.

Thank you for your comments regarding the threshold requirements within Chapter 3 of AAP as it relates to the Nebraska Affordable Housing Program (NAHP). The Department has received a number of comments regarding the threshold requirements for the required percent of funds to be drawn down by both the Applicant and Administrator. The Department has concluded that it is proper to only provide an expenditure threshold requirement for the Applicant and not require an expenditure threshold requirement for any Administrator. The Department has revised this threshold requirement within the 2013 AAP and within the 2013 NAHP Application Guidelines that require projects, for the same activity applied for, that have been open for more than 18 months since Release of Funds to have expended 50% of the NAHP funds and to require projects, for different housing activities, that have been open for more than 18 months since Release of Funds to have expended 25% of the NAHP funds.

2. Department Priorities Relative to Application Guidelines

Recommendation: Use a regional and statewide process not led by government entities that is clearly defined, systematic, and inclusive to establish regional and statewide housing needs

priorities. Award equal points for scoring on grant applications that meet regional and/or statewide housing priorities or the Department's housing priorities. Furthermore, we request that the Department publicize the process they used for establishing Department housing needs priorities.

The Department recognizes the need for local prioritization of housing projects and has therefore removed the Department Priorities Section as noted within Section 3-18 of the 2013 AAP.

Because the Department is allowing for housing Applicants to determine the housing priorities within the local communities and regions, the Department has added a question within the NAHP Application Guidelines that allows the Applicant to describe their proposed project and include how the need for the project was determined and for the Applicant to describe the clearly defined, systematic, and inclusive public participation process, and the extent of public involvement, used to identify and address community needs and allocate resources.

3. Program Income

Recommendation: We commend the Department for currently allowing some flexibility in using Program Income for affordable housing activity other than the original intent of the grant (when allowed by regulation or statute), we encourage the Department to continue to allow Program Income to be used for any eligible affordable housing activity vs. the specific activity the grant that created the program income came from (when regulations or statutes don't prohibit doing so).

The Department continues to provide flexibility for housing organizations to use program income, particularly for projects that are funded through the NAHTF and HOME programs. The guidance that the Department has provided in the past, and guidance that continues to be relevant today, is that for NAHTF and HOME program income (i.e. reuse funds) an organization must use their program income for the same activities awarded within the original project, unless there are insufficient funds to complete the original activity, then it would be appropriate to use the program income for other housing related activities. This information would be noted within the Grantee's, Department approved, Reuse Plan.

For example, if the Department funds an Owner Occupied Rehab project, and program income is received, the Grantee should use the program income for additional OOR activities. If the program income funds are not sufficient to complete the OOR activity, then the Grantee may use the program income funds for other housing related activities as identified within the Grantee's Reuse Plan (i.e. down payment assistance, etc.).

In regard to CDBG program income that is being utilized within a CDBG Housing Revolving Loan Fund, the Housing program income may be used for only owner occupied rehabilitation, down payment assistance, or rental rehabilitation (or a combination of those activities). Each unit of local government will be required to complete and submit a revised Reuse Plan to the Department for their CDBG Housing Revolving Loan Fund.

4. Application Deadline

Recommendation: Support the change in allowing applications to be postmarked by the deadline vs. received in the Department's office by the deadline.

Thank you for your comments regarding the Departmental change which allows for grant applications to be postmarked instead of requiring the applications to be received in the Department's office by the due date.

5. Amount of NAHTF That May Be Used To Meet HOME Matching Requirements (Page 2-3 Footnote #7)

Recommendation: Change the phrase “a minimum” of \$1.2M of the NAHTF allocation will be committed as HOME Match”, to a maximum of \$1.2M of the NAHTF allocation will be committed as HOME Match.

The Department cannot provide a maximum cap on the amount of NAHTF funds that can be designated as the amount of match for the HOME program as the amount of matching funds required varies per year. However, the statement noted on page 2-3 of the Proposed AAP as footnote 7, the statement will be revised to correctly note “...\$675,000 of the NAHTF allocation will be committed as HOME Match to meet the 25% HOME Match requirement for the \$2,700,000 in non-administration funds.

6. NAHTF State Admin & Operations

Recommendation: This is the only category on page 2-3 that doesn't specify a percentage of the amount of administration vs. total allocation. Please show the statutory or regulatory percentage allowance that may be used for state administration and operations of the NAHTF.

The Nebraska Affordable Housing Act, Section 58-705, allows for the Department to use the Affordable Housing Trust Fund for activities that include “...expenses of the department as appropriated by the Legislature for administering the fund.” See also Neb. Rev. Stat. §58-705. Within the 2013 AAP, \$500,000 in NAHTF funds will be allocated for State Administration and Operations for the \$6,500,000 allocation for the 2013 Program Year.

7. Annual Cycle Timeline

Recommendation: Please provide consistency between the Annual Cycle Timeline and the CDBG Owner Occupied Rehabilitation Timeline relative to the length of time from application to award. The Annual Cycle Timeline is April 30, 2013 for application submission and October 2013 for the distribution of Award Letters. We recognize Award Letters are not authorized until after July 1 of each program year. The timeframe between April and October is practically a whole construction season. In our experience the time between Notice of Approval Letters and Release of Funds is 3 to 4 months. With October as the timeframe designated for Award Letters (which is prior to Notice of Approval Letters) most grantees will not have Release of Funds to begin their project until January or February of 2014.

The CDBG Owner Occupied Rehabilitation Timeline has a 3 month period between time of application submittal (July 19, 2013) and the distribution of Award Letters (September, 28, 2013).

The Department recognizes the differences in time lines between the NAHP Annual Cycle and the CDBG OOR Cycle. The Department has revised the language from the Proposed 2013 AAP on page 3-36, and has added a revised timeline within the NAHP Application Guidelines and the Final 2013 AAP that includes changing the “Contract Negotiations” date from “August 2013” to “June 2013” and changing “Award Letters distributed” from “October 2013” to “July 2013”.

Comment #6

1. I would like to see you award the HOME funds in the first round on LIHTC Projects even if the tax credits are not awarded. The award should be contingent on tax credits being awarded in the 2nd round of the same year. This way projects awarded in the 2nd round won't have to wait on a HOME award until the following year. If the tax credits are not awarded in the second round the HOME funds award would be rescinded.

Thank you for your comments regarding the commitment of HOME funds within NIFA's Low Income Housing Tax Credit application cycles. As the Department has a combined application process with NIFA in order to efficiently award HOME funds to tax credit projects, the Department would be unable to commit HOME funds to projects that do not also have a committed tax credit allocation as a project's viability is dependent, and an application reviewed, on whether or not the project has sufficient resources to be viable for a 20 year affordability period. If a project proposal does not have a tax credit allocation, then HOME funds for that project would not be recommended.

2. I think it is a bad idea to allow Omaha LIHTC projects to apply for HOME funds from the statewide allocation. Omaha projects already have so many advantages in this process that I believe these projects could easily swallow up the statewide allocation.

Thank you for your comments regarding the commitment of HOME funds within NIFA's Low Income Housing Tax Credit application cycles to projects located within the city of Omaha. The Department provides funding for affordable housing projects throughout the state and this includes projects within all 3 Congressional Districts. It is for this reason that HOME funds may also be provided to projects within the city of Omaha.

Comment #7

1. Threshold Questions (Requirements) - Relative to the percentage of existing grants that must be drawn down to meet threshold requirements.

Recommendation: Use the Release of Funds date on grant awards to meet threshold requirements versus the year the awards are funded and make it relative to applicants only not administrators.

Project funds for a grant award may not be spent prior to the date of the Release of Funds letter. Therefore, it seems most logical for any threshold requirement relative to the expenditure of grant funds be connected to a date where grant funds may be spent.

The requirement of 25% for 2012 awards is not realistic; there should not be any requirement for 2012. Release of Funds for most of those awards are typically obtained late in 2012 or early 2013, therefore very difficult to have 25% drawdown by application time.

Thank you for your comments regarding the threshold requirements within Chapter 3 of AAP as it relates to the Nebraska Affordable Housing Program (NAHP). The Department has received a number of comments regarding the threshold requirements for the required percent of funds to be drawn down by both the Applicant and Administrator. The Department has concluded that it is proper to only provide an expenditure threshold requirement for the Applicant and not require an expenditure threshold requirement for any Administrator. The Department has revised this threshold requirement within the 2013 AAP and within the 2013 NAHP Application Guidelines that require projects, for the same activity applied for, that have been open for more than 18 months since Release of Funds to have expended 50% of the NAHP funds and to require projects, for different housing activities, that have been open for more than 18 months since Release of Funds to have expended 25% of the NAHP funds.

2. Department Priorities Relative to Application Guidelines

Recommendation: Use a regional and statewide process not led by government entities that is clearly defined, systematic, and inclusive to establish regional and statewide housing needs priorities. Award equal points for scoring on grant applications that meet regional and/or statewide housing priorities or the Department's housing priorities.

Furthermore, we request that the Department publicize the process they used for establishing Department housing needs priorities.

Concern that the Homebuyer/Homeownership category is not a priority; however, in many communities we continue to work in homebuyer/homeownership is a huge priority.

The Department recognizes the need for local prioritization of housing projects and has therefore removed the Department Priorities Section as noted within Section 3-18 of the 2013 AAP.

Because the Department is allowing for housing Applicants to determine the housing priorities within the local communities and regions, the Department has added a question within the NAHP Application Guidelines that allows the Applicant to describe their proposed project and include how the need for the project was determined and for the Applicant to describe the clearly defined, systematic, and inclusive public participation process, and the extent of public involvement, used to identify and address community needs and allocate resources.

3. Program Income

Recommendation: We commend the Department for currently allowing some flexibility in using Program Income for affordable housing activity other than the original intent of the grant (when allowed by regulation or statute), we encourage the Department to continue to allow Program Income to be used for any eligible affordable housing activity vs. the specific activity the grant that created the program income came from (when regulations or statutes don't prohibit doing so).

The Department continues to provide flexibility for housing organizations to use program income, particularly for projects that are funded through the NAHTF and HOME programs. The guidance that the Department has provided in the past, and guidance that continues to be relevant today, is that for NAHTF and HOME program income (i.e. reuse funds) an organization must use their program income for the same activities awarded within the original project, unless there are insufficient funds to complete the original activity, then it would be appropriate to use the program income for other housing related activities. This information would be noted within the Grantee's, Department approved, Reuse Plan.

For example, if the Department funds an Owner Occupied Rehab project, and program income is received, the Grantee should use the program income for additional OOR activities. If the program income funds are not sufficient to complete the OOR activity, then the Grantee may use the program income funds for other housing related activities as identified within the Grantee's Reuse Plan (i.e. down payment assistance, etc.).

In regard to CDBG program income that is being utilized within a CDBG Housing Revolving Loan Fund, the Housing program income may be used for only owner occupied rehabilitation, down payment assistance, or rental rehabilitation (or a combination of those activities). Each unit of local government will be required to complete and submit a revised Reuse Plan to the Department for their CDBG Housing Revolving Loan Fund.

4. Application Deadline

Recommendation: Support the change in allowing applications to be postmarked by the deadline vs. received in the Department's office by the deadline.

Thank you for your comments regarding the Departmental change which allows for grant applications to be postmarked instead of requiring the applications to be received in the Department's office by the due date.

5. Amount of NAHTF That May Be Used To Meet HOME Matching Requirements (Page 2-3 Footnote #7)

Recommendation: Change the phrase "a minimum" of \$1,200,000 of the NAHTF allocation will be committed as HOME Match", to a maximum of \$1,200,000 if the NAHTF allocation will be committed as HOME Match.

The Department cannot provide a maximum cap on the amount of NAHTF funds that can be designated as the amount of match for the HOME program as the amount of matching funds required varies per year. However, the statement noted on page 2-3 of the Proposed AAP as footnote 7, the statement will be revised to correctly note "...\$675,000 of the NAHTF allocation will be committed as HOME Match to meet the 25% HOME Match requirement for the \$2,700,000 in non-administration funds.

6. Annual Cycle Timeline

Recommendation: Please provide consistency between the Annual Cycle Timeline and the CDBG Owner Occupied Rehabilitation Timeline relative to the length of time from application to award. The Annual Cycle Timeline is April 30, 2013 for application submission and October 2013 for the distribution of Award Letters. We recognize Award Letters are not authorized until after July 1 of each program year. The timeframe between April and October is practically a whole construction season. In our experience the time between Notice of Approval Letters and Release of Funds is 3 to 4 months. With October as the timeframe designated for Award Letters (which is prior to Notice of Approval Letters) most grantees will not have Release of Funds to begin their project until January or February of 2014.

The Department recognizes the differences in time lines between the NAHP Annual Cycle and the CDBG OOR Cycle. The Department has revised the language from the Proposed 2013 AAP on page 3-36, and has added a revised timeline within the NAHP Application Guidelines and the Final 2013 AAP that includes changing the "Contract Negotiations" date from "August 2013" to "June 2013" and changing "Award Letters distributed" from "October 2013" to "July 2013".

Comment #8

- In regard to meeting the required threshold percentages for prior projects, SWNCBC feels that DED should use the Contract Transmittal date since some of the prior 2011 CDBG contracts were not issued until March of 2012 and Release of Funds received May of 2012. Taking into consideration the dates of these documents, it would be difficult to have 90% of the funds drawn down by the 2013 application due date.

Thank you for your comments regarding the threshold requirements within Chapter 3 of AAP as it relates to the Nebraska Affordable Housing Program (NAHP). The Department has received a number of comments regarding the threshold requirements for the required percent of funds to be drawn down by both the Applicant and Administrator. The Department has concluded that it is proper to only provide an expenditure threshold requirement for the Applicant and not require an expenditure threshold requirement for any Administrator. The Department has revised this threshold requirement within the 2013 AAP and within the 2013 NAHP Application Guidelines that require projects, for the same activity applied for, that have been open for more than 18 months since Release of Funds to have expended 50% of the NAHP funds and to require projects, for different housing activities, that have been open for more than 18 months since Release of Funds to have expended 25% of the NAHP funds.

- SWNCBC supports the opportunity to apply for Owner Occupied Rehabilitation through the Annual Application Cycle and the CDBG Owner Occupied Rehabilitation Cycle. We feel Regional OOR is an ongoing need in Southwest Nebraska.

The Department understands the need for owner occupied rehabilitation throughout the state and that is one of the reasons it continues to provide funding within the Annual Cycle and CDBG OOR Cycle for owner occupied rehabilitation activities.

- SWNCBC also supports the change in allowing applications to be postmarked by the deadline vs. received in DED's office by the deadline.

Thank you for your comments regarding the Departmental change which allows for grant applications to be postmarked instead of requiring the applications to be received in the Department's office by the due date.

Comment #9

On behalf of the Northeast Nebraska Economic Development District (NENEDD) I would like to submit the following comments as it relates to Proposed 2013 Annual Action Plan:

Section.3.-Housing Priorities (Page 3-17).-Threshold Questions (Requirements)-Relative to.the.percentage of existing grants that must be drawn down to meet threshold requirements NENEDD Staff suggests using the Release of Funds date on grant awards to meet threshold requirements versus the year the awards is funded and make it relative to applicants only not administrators.

Thank you for your comments regarding the threshold requirements within Chapter 3 of AAP as it relates to the Nebraska Affordable Housing Program (NAHP). The Department has received a number of comments regarding the threshold requirements for the required percent of funds to be drawn down by both the Applicant and Administrator. The Department has concluded that it is proper to only provide an expenditure threshold requirement for the Applicant and not require an expenditure threshold requirement for any Administrator. The Department has revised this threshold requirement within the 2013 AAP and within the 2013 NAHP Application Guidelines that require projects, for the same activity applied for, that have been open for more than 18 months since Release of Funds to have expended 50% of the NAHP funds and to require projects, for different housing activities, that have been open for more than 18 months since Release of Funds to have expended 25% of the NAHP funds.

Department Priorities Relative to All Program Application Guidelines

NENEDD Staff suggestions in addition to receiving public comment of program priorities we request that the Department create a committee of made up of local officials, public and private partners to assist the department in the creation of the annual action plan, including establishing Department priorities.

The Department recognizes the need for local prioritization of housing projects and has therefore removed the Department Priorities Section as noted within Section 3-18 of the 2013 AAP.

Because the Department is allowing for housing Applicants to determine the housing priorities within the local communities and regions, the Department has added a question within the NAHP Application Guidelines that allows the Applicant to describe their proposed project and include how the need for the project was determined and for the Applicant to describe the clearly defined, systematic, and inclusive public participation process, and the extent of public involvement, used to identify and address community needs and allocate resources.

In addition, the Department currently works with the Nebraska Commission on Housing and Homelessness (NCHH), which is made up of local officials and public and private partners, in order to assist with education, advocacy, coordination and cooperation, and integrate recommendations from Nebraska's Housing and Community Development Consolidated Plan and the Annual Action Plan with other statewide strategic planning initiatives that involve affordable housing, homelessness/at risk of homelessness, and other housing issues. Meetings with the NCHH are open to the public and the public is encouraged to attend and provide input during these meetings.

Housing Program Income

We commend the Department for currently allowing some flexibility in using Program income for affordable housing activity other than the original intent of the grant (when allowed by regulation or statute), we encourage the Department to continue to allow Program Income to be used for any eligible affordable housing activity vs. the specific activity the grant that created the program income came from (when regulations or statutes don't prohibit doing so).

The Department continues to provide flexibility for housing organizations to use program income, particularly for projects that are funded through the NAHTF and HOME programs. The guidance that the Department has provided in the past, and guidance that continues to be relevant today, is that for NAHTF and HOME program income (i.e. reuse funds) an organization must use their program income for the same activities awarded within the original project, unless there are insufficient funds to complete the original activity, then it would be appropriate to use the program income for other housing related activities. This information would be noted within the Grantee's, Department approved, Reuse Plan.

For example, if the Department funds an Owner Occupied Rehab project, and program income is received, the Grantee should use the program income for additional OOR activities. If the program income funds are not sufficient to complete the OOR activity, then the Grantee may use the program income funds for other housing related activities as identified within the Grantee's Reuse Plan (i.e. down payment assistance, etc.).

In regard to CDBG program income that is being utilized within a CDBG Housing Revolving Loan Fund, the Housing program income may be used for only owner occupied rehabilitation, down payment assistance, or rental rehabilitation (or a combination of those

activities). Each unit of local government will be required to complete and submit a revised Reuse Plan to the Department for their CDBG Housing Revolving Loan Fund.

Section Five: Economic Development Priority (Page 5-13 & 5-14) - Regarding the consideration of changing eligibility of activities to exclude:

- Loans to for-profit businesses. (through the applicant community) for a variety of business purposes
- Job training grants to for-profit businesses (through the applicant community)
- Entrepreneurial development grants

Speculative building projects or speculative industrial park prospects, in the form of conditional grants to applicant communities for such projects.

- Short-term interim financing program

NENEDD is hesitant to support these changes without additional information. Thank you for the opportunity to provide our comments and suggestions.

The Department appreciates your contributions to the discussion for the 2014 Program Year. As a point of clarification that you may find helpful, the Department proposes to continue to have CDBG funds available for business loans through the State's CDBG ED RLF and local CDBG ED RLFs in addition to NDO Revolving Loan Funds.

Comment #10

1. Section 3 – Housing Priorities (Page 3-17)

Threshold Questions (Requirements) - Relative to the percentage of existing grants that must be drawn down to meet threshold requirements.

Comment:

A better approach would be to use the Release of Funds date on grant awards to meet threshold requirements versus the year the awards is funded and make it relative to applicants only not administrators.

Thank you for your comments regarding the threshold requirements within Chapter 3 of AAP as it relates to the Nebraska Affordable Housing Program (NAHP). The Department has received a number of comments regarding the threshold requirements for the required percent of funds to be drawn down by both the Applicant and Administrator. The Department has concluded that it is proper to only provide an expenditure threshold requirement for the Applicant and not require an expenditure threshold requirement for any Administrator. The Department has revised this threshold requirement within the 2013 AAP and within the 2013 NAHP Application Guidelines that require projects, for the same activity applied for, that have been open for more than 18 months since Release of Funds to have expended 50% of the NAHP funds and to require projects, for different housing activities, that have been open for more than 18 months since Release of Funds to have expended 25% of the NAHP funds.

2. Section Five: Economic Development Priority (Page 5-13 & 5-14)

Regarding the consideration of changing eligibility of activities to exclude:

- Loans to for-profit businesses (through the applicant community) for a variety of business purposes
- Job training grants to for-profit businesses (through the applicant community)
- Entrepreneurial development grants
- Speculative building projects or speculative industrial park prospects, in the form of conditional grants to applicant communities for such projects
- Short-term interim financing program

Comment:

SCEDD is hesitant to support these changes without additional information.

The Department appreciates your contributions to the discussion for the 2014 Program Year. As a point of clarification that you may find helpful, the Department proposes to continue to have CDBG funds available for business loans through the State's CDBG ED RLF and local CDBG ED RLFs in addition to NDO Revolving Loan Funds.

Comment #11

1. Section 3 – Housing Priorities (Page 3-17)

Threshold Questions (Requirements) - Relative to the percentage of existing grants that must be drawn down to meet threshold requirements.

SCEDD on Public Comment:

Recommendation: Use the Release of Funds date on grant awards to meet threshold requirements versus the year the awards is funded and make it relative to applicants only not administrators.

Thank you for your comments regarding the threshold requirements within Chapter 3 of AAP as it relates to the Nebraska Affordable Housing Program (NAHP). The Department has received a number of comments regarding the threshold requirements for the required percent of funds to be drawn down by both the Applicant and Administrator. The Department has concluded that it is proper to only provide an expenditure threshold requirement for the Applicant and not require an expenditure threshold requirement for any Administrator. The Department has revised this threshold requirement within the 2013 AAP and within the 2013 NAHP Application Guidelines that require projects, for the same activity applied for, that have been open for more than 18 months since Release of Funds to have expended 50% of the NAHP funds and to require projects, for different housing activities, that have been open for more than 18 months since Release of Funds to have expended 25% of the NAHP funds.

2. Department Priorities Relative to All Program Application Guidelines

SCEDD on Public Comment:

Recommendation: In addition to receiving public comment of program priorities we request that the Department create a committee made up of local officials, public and private partners to assist the department in the creation of the annual action plan, including establishing Department priorities.

The Department recognizes the need for local prioritization of housing projects and has therefore removed the Department Priorities Section as noted within Section 3-18 of the 2013 AAP.

Because the Department is allowing for housing Applicants to determine the housing priorities within the local communities and regions, the Department has added a question within the NAHP Application Guidelines that allows the Applicant to describe their proposed project and include how the need for the project was determined and for the Applicant to describe the clearly defined, systematic, and inclusive public participation process, and the extent of public involvement, used to identify and address community needs and allocate resources.

In addition, the Department currently works with the Nebraska Commission on Housing and Homelessness (NCHH), which is made up of local officials and public and private partners, in order to assist with education, advocacy, coordination and cooperation, and integrate recommendations from Nebraska's Housing and Community Development Consolidated Plan and the Annual Action Plan with other statewide strategic planning initiatives that involve affordable housing, homelessness/at risk of homelessness, and other housing issues. Meetings with the NCHH are open to the public and the public is encouraged to attend and provide input during these meetings.

3. Housing Program Income

SCEDD on Public Comment:

Recommendation: We commend the Department for currently allowing some flexibility in using Program Income for affordable housing activity other than the original intent of the grant (when allowed by regulation or statute), we encourage the Department to continue to allow Program Income to be used for any eligible affordable housing activity vs. the specific activity the grant that created the program income came from (when regulations or statutes don't prohibit doing so).

The Department continues to provide flexibility for housing organizations to use program income, particularly for projects that are funded through the NAHTF and HOME programs. The guidance that the Department has provided in the past, and guidance that continues to be relevant today, is that for NAHTF and HOME program income (i.e. reuse funds) an organization must use their program income for the same activities awarded within the

original project, unless there are insufficient funds to complete the original activity, then it would be appropriate to use the program income for other housing related activities. This information would be noted within the Grantee's, Department approved, Reuse Plan.

For example, if the Department funds an Owner Occupied Rehab project, and program income is received, the Grantee should use the program income for additional OOR activities. If the program income funds are not sufficient to complete the OOR activity, then the Grantee may use the program income funds for other housing related activities as identified within the Grantee's Reuse Plan (i.e. down payment assistance, etc.).

In regard to CDBG program income that is being utilized within a CDBG Housing Revolving Loan Fund, the Housing program income may be used for only owner occupied rehabilitation, down payment assistance, or rental rehabilitation (or a combination of those activities). Each unit of local government will be required to complete and submit a revised Reuse Plan to the Department for their CDBG Housing Revolving Loan Fund.

4. Section Five: Economic Development Priority (Page 5-13 & 5-14)

Regarding the consideration of changing eligibility of activities to exclude:

- Loans to for-profit businesses (through the applicant community) for a variety of business purposes
- Job training grants to for-profit businesses (through the applicant community)
- Entrepreneurial development grants
- Speculative building projects or speculative industrial park prospects, in the form of conditional grants to applicant communities for such projects
- Short-term interim financing program

SCEDD on Public Comment:

Recommendation: SCEDD is hesitant to support these changes without additional information.

The Department appreciates your contributions to the discussion for the 2014 Program Year. As a point of clarification that you may find helpful, the Department proposes to continue to have CDBG funds available for business loans through the State's CDBG ED RLF and local CDBG ED RLFs in addition to NDO Revolving Loan Funds.

Comment #12

1. Threshold Questions (Requirements) - Relative to the percentage of existing grants that must be drawn down to meet threshold requirements.

Recommendation: Use the Release of Funds date on grant awards to meet threshold requirements versus the year the award was funded and make it relative to applicants only not administrators.

Project funds for a grant award may not be spent prior to the date of the Release of Funds letter. Therefore, it seems most logical for any threshold requirement relative to the expenditure of grant funds be connected to a date where grant funds may be spent.

Thank you for your comments regarding the threshold requirements within Chapter 3 of AAP as it relates to the Nebraska Affordable Housing Program (NAHP). The Department has received a number of comments regarding the threshold requirements for the required percent of funds to be drawn down by both the Applicant and Administrator. The Department has concluded that it is proper to only provide an expenditure threshold requirement for the Applicant and not require an expenditure threshold requirement for any Administrator. The Department has revised this threshold requirement within the 2013 AAP and within the 2013 NAHP Application Guidelines that require projects, for the same activity applied for, that have been open for more than 18 months since Release of Funds to have expended 50% of the NAHP funds and to require projects, for different housing activities, that have been open for more than 18 months since Release of Funds to have expended 25% of the NAHP funds.

2. Department Priorities Relative to Application Guidelines

Recommendation:

Use a regional and statewide process that is facilitated with but not led by government entities that is clearly defined, systematic, and inclusive to establish regional and statewide housing needs priorities. There should be an equal balance on the application between points that meet regional or statewide priorities and those that meet Department priorities.

Furthermore, we request that the Department publicize the process they used for establishing Department housing needs priorities.

The Department recognizes the need for local prioritization of housing projects and has therefore removed the Department Priorities Section as noted within Section 3-18 of the 2013 AAP.

Because the Department is allowing for housing Applicants to determine the housing priorities within the local communities and regions, the Department has added a question within the NAHP Application Guidelines that allows the Applicant to describe their proposed project and include how the need for the project was determined and for the Applicant to describe the clearly defined, systematic, and inclusive public participation process, and the extent of public involvement, used to identify and address community needs and allocate resources.

3. Program Income

Recommendation: We commend the Department for currently allowing some flexibility in using Program Income for affordable housing activities other than the original intent of the grant (when allowed by regulation or statute), we encourage the Department to continue to allow Program Income to be used for any eligible affordable housing activity vs. the specific activity the grant that created the program income came from (when regulations or statutes don't prohibit doing so).

The Department continues to provide flexibility for housing organizations to use program income, particularly for projects that are funded through the NAHTF and HOME programs. The guidance that the Department has provided in the past, and guidance that continues to be relevant today, is that for NAHTF and HOME program income (i.e. reuse funds) an organization must use their program income for the same activities awarded within the original project, unless there are insufficient funds to complete the original activity, then it would be appropriate to use the program income for other housing related activities. This information would be noted within the Grantee's, Department approved, Reuse Plan.

For example, if the Department funds an Owner Occupied Rehab project, and program income is received, the Grantee should use the program income for additional OOR activities. If the program income funds are not sufficient to complete the OOR activity, then the Grantee may use the program income funds for other housing related activities as identified within the Grantee's Reuse Plan (i.e. down payment assistance, etc.).

In regard to CDBG program income that is being utilized within a CDBG Housing Revolving Loan Fund, the Housing program income may be used for only owner occupied rehabilitation, down payment assistance, or rental rehabilitation (or a combination of those activities). Each unit of local government will be required to complete and submit a revised Reuse Plan to the Department for their CDBG Housing Revolving Loan Fund.

4. Application Deadline

Recommendation: Support the change in allowing applications to be postmarked by the deadline vs. received in the Department's office by the deadline.

Thank you for your comments regarding the Departmental change which allows for grant applications to be postmarked instead of requiring the applications to be received in the Department's office by the due date.

5. Amount of NAHTF That May Be Used To Meet HOME Matching Requirements (Page 2-3 Footnote #7)

Recommendation: Change the phrase "a minimum" of \$1,200,000 of the NAHTF allocation will be committed as HOME Match", to a maximum of \$1,200,000 of the NAHTF allocation will be committed as HOME Match.

The Department cannot provide a maximum cap on the amount of NAHTF funds that can be designated as the amount of match for the HOME program as the amount of matching funds required varies per year. However, the statement noted on page 2-3 of the Proposed AAP as footnote 7, the statement will be revised to correctly note "...\$675,000 of the NAHTF allocation will be committed as HOME Match to meet the 25% HOME Match requirement for the \$2,700,000 in non-administration funds.

6. NAHTF State Admin & Operations

Recommendation: This is the only category on page 2-3 that doesn't specify a percentage of the amount of administration vs. total allocation. Please show the statutory or regulatory percentage allowance that may be used for state administration and operations of the NAHTF.

Also footnotes 2, 3 & 4 have explanations but are not corresponding with the applicable locations in the table.

The Nebraska Affordable Housing Act, Section 58-705, allows for the Department to use the Affordable Housing Trust Fund for activities that include "...expenses of the department as appropriated by the Legislature for administering the fund." See also Neb. Rev. Stat. §58-705. Within the 2013 AAP, \$500,000 in NAHTF funds will be allocated for State Administration and Operations for the \$6,500,000 allocation for the 2013 Program Year.

In addition, thank you for bringing to our attention the error related to footnotes 2, 3, and 4 of Table 1 Proposed 2013 Allocation (see Section 2-3). This table has been corrected in the Final 2013 AAP and includes "State Admin & Operations" as it relates to footnote 2, the amount of State Admin & Operations under CDBG relates to footnote 3, and the amount for Technical Assistance relates to footnote 4.

7. Annual Cycle Timeline

Recommendation:

Please provide consistency between the Annual Cycle Timeline and the CDBG Owner Occupied Rehabilitation Timeline relative to the length of time from application to award. The Annual Cycle Timeline is April 30, 2013 for application submission and October 2013 for the distribution of Award Letters (6 months).

The CDBG Owner Occupied Rehabilitation Timeline has a 3 month period between time of application submittal (July 19, 2013) and the distribution of Award Letters (September, 28, 2013).

The Department recognizes the differences in time lines between the NAHP Annual Cycle and the CDBG OOR Cycle. The Department has revised the language from the Proposed 2013 AAP on page 3-36, and has added a revised timeline within the NAHP Application Guidelines and the Final 2013 AAP that includes changing the "Contract Negotiations" date from "August 2013" to "June 2013" and changing "Award Letters distributed" from "October 2013" to "July 2013".

8. Threshold Requirements in Section 3-18 Homebuyer Program, Owner Occupied Rehabilitation and New Rental Units.

Recommendation: There is a total of 50 possible points in this section. 25 points for Owner Occupied Rehabilitation and 25 points for New Rental Units. It seems impractical to be able to claim points for both categories at the same time so the total possible score should be 25 points

instead of 50 points. If this is not the case please explain how an applicant could score points in both categories.

The Department recognizes the need for local prioritization of housing priorities and has therefore removed the Department Priorities Section found within Section 3-18.

9. Threshold Requirements in Section 3-23 CDGB Owner Occupied Rehabilitation.

Recommendation: There is a total of 50 possible points in this section. 25 points for Owner Occupied Rehabilitation and 25 points for New Rental Units. It seems impractical to be able to claim points for both categories at the same time so the total possible score should be 25 points instead of 50 points. If this is not the case please explain how an applicant could score points in both categories.

The Department recognizes the need for local prioritization of housing priorities and has therefore removed the Department Priorities Section found within Section 3-23.

Comment #13

On behalf of the Nebraska Regional Officials Council (NROC) I would like to submit the following comments as it relates to Proposed 2013 Annual Action Plan:

1. Section 3 - Housing Priorities (Page 3-17) Threshold Questions (Requirements) - Relative to the percentage of existing grants that must be drawn down to meet threshold requirements. Recommendation: Use the Release of Funds date on grant awards to meet threshold requirements versus the year the award is funded and make it relative to applicants only not administrators.

Thank you for your comments regarding the threshold requirements within Chapter 3 of AAP as it relates to the Nebraska Affordable Housing Program (NAHP). The Department has received a number of comments regarding the threshold requirements for the required percent of funds to be drawn down by both the Applicant and Administrator. The Department has concluded that it is proper to only provide an expenditure threshold requirement for the Applicant and not require an expenditure threshold requirement for any Administrator. The Department has revised this threshold requirement within the 2013 AAP and within the 2013 NAHP Application Guidelines that require projects, for the same activity applied for, that have been open for more than 18 months since Release of Funds to have expended 50% of the NAHP funds and to require projects, for different housing activities, that have been open for more than 18 months since Release of Funds to have expended 25% of the NAHP funds.

2. Department Priorities Relative to All Program Application Guidelines

Recommendation: In addition to receiving public comment of program priorities we request that the Department create a committee made up of local officials, public and private partners to assist the department in the creation of the annual action plan, including establishing Department priorities.

The Department recognizes the need for local prioritization of housing projects and has therefore removed the Department Priorities Section as noted within Section 3-18 of the 2013 AAP.

Because the Department is allowing for housing Applicants to determine the housing priorities within the local communities and regions, the Department has added a question within the NAHP Application Guidelines that allows the Applicant to describe their proposed project and include how the need for the project was determined and for the Applicant to describe the clearly defined, systematic, and inclusive public participation process, and the extent of public involvement, used to identify and address community needs and allocate resources.

In addition, the Department currently works with the Nebraska Commission on Housing and Homelessness (NCHH), which is made up of local officials and public and private partners, in order to assist with education, advocacy, coordination and cooperation, and integrate recommendations from Nebraska's Housing and Community Development Consolidated Plan and the Annual Action Plan with other statewide strategic planning initiatives that involve affordable housing, homelessness/at risk of homelessness, and other housing issues. Meetings with the NCHH are open to the public and the public is encouraged to attend and provide input during these meetings.

3. Housing Program Income

Recommendation: We commend the Department for currently allowing some flexibility in using Program Income for affordable housing activities other than the original intent of the grant (when allowed by regulation or statute), we encourage the Department to continue to allow Program Income to be used for any eligible affordable housing activity vs. the specific activity the grant that created the program income came from (when regulations or statutes don't prohibit doing so).

The Department continues to provide flexibility for housing organizations to use program income, particularly for projects that are funded through the NAHTF and HOME programs. The guidance that the Department has provided in the past, and guidance that continues to be relevant today, is that for NAHTF and HOME program income (i.e. reuse funds) an organization must use their program income for the same activities awarded within the original project, unless there are insufficient funds to complete the original activity, then it would be appropriate to use the program income for other housing related activities. This information would be noted within the Grantee's, Department approved, Reuse Plan.

For example, if the Department funds an Owner Occupied Rehab project, and program income is received, the Grantee should use the program income for additional OOR activities. If the program income funds are not sufficient to complete the OOR activity, then the Grantee may use the program income funds for other housing related activities as identified within the Grantee's Reuse Plan (i.e. down payment assistance, etc.).

In regard to CDBG program income that is being utilized within a CDBG Housing Revolving Loan Fund, the Housing program income may be used for only owner occupied rehabilitation, down payment assistance, or rental rehabilitation (or a combination of those activities). Each unit of local government will be required to complete and submit a revised Reuse Plan to the Department for their CDBG Housing Revolving Loan Fund.

4. Section Five: Economic Development Priority (Page 5-13 & 5-14) Regarding the consideration of changing eligibility of activities to exclude:

- Loans to for-profit businesses (through the applicant community) for a variety of business purposes
- Job training grants to for-profit businesses (through the applicant community)
- Entrepreneurial development grants
- Speculative building projects or speculative industrial park prospects, in the form of conditional grants to applicant communities for such projects
- Short-term interim financing program

Recommendation: NROC is hesitant to support these changes without additional information. Thank you for the opportunity to provide our comments and suggestions.

The Department appreciates your contributions to the discussion for the 2014 Program Year. As a point of clarification that you may find helpful, the Department proposes to continue to have CDBG funds available for business loans through the State's CDBG ED RLF and local CDBG ED RLFs in addition to NDO Revolving Loan Funds.

Comment #14

Thank you for the opportunity to comment regarding the Nebraska DED's Proposed 2013 Annual Action Plan. The proposed changes under Section Five: Economic Development Priority are of particular concern to us. We cannot support the proposed changes in the absence of additional information and detail.

The Department understands your position on the proposed changes. Thank you for your comments.

Comment #15

1. The Selection Criteria for the NAHP Housing Application includes scoring based on drawdown achieved percentages by the Administrator. Given our experience as administrators, I believe that this places an unjust burden on the administrator and has the potential to have an unwarranted negative impact on an applicant. Administrators may work with a number of different grantees and there are too many factors beyond the control of the administrator to have this determine whether or not another project with which that administrator is involved would have the scoring negatively impacted. Any scoring based on drawdown achieved percentages should be tied to the grantee only.
2. When looking at drawdown percentages and applications for grantees, the date to be considered should be the date of Release of Funds, not the year of the grant award. Again, too many factors outside of the control of any involved parties may affect the

amount of time it takes to secure Release of Funds. This delay from award to Release of Funds should not be connected to the scoring criteria for future grant awards.

Should you have any questions regarding my comments or need further clarification, please feel free to contact me.

Thank you for your comments regarding the threshold requirements within Chapter 3 of AAP as it relates to the Nebraska Affordable Housing Program (NAHP). The Department has received a number of comments regarding the threshold requirements for the required percent of funds to be drawn down by both the Applicant and Administrator. The Department has concluded that it is proper to only provide an expenditure threshold requirement for the Applicant and not require an expenditure threshold requirement for any Administrator. The Department has revised this threshold requirement within the 2013 AAP and within the 2013 NAHP Application Guidelines that require projects, for the same activity applied for, that have been open for more than 18 months since Release of Funds to have expended 50% of the NAHP funds and to require projects, for different housing activities, that have been open for more than 18 months since Release of Funds to have expended 25% of the NAHP funds.

Comment #16

#1.1) Section Two: National and State CDBG Objectives

Current 2013 AAPlan language on Page 2-10: C. Redistributed Funds - 3rd Paragraph: the 2nd priority in 2012 was "Housing Category" and the 2013 plan proposes that this be changed to the "Comprehensive Revitalization Category". We recommend that NDED not change the 2nd priority as identified on page 2-10, returning it to the 2012 2nd priority of "Housing Category".

Thank you for your comments regarding the AAP section concerning the redistribution of recaptured CDBG funds. The Department has determined that a change in distribution is necessary and will no longer have the CDBG Housing Category as the first priority for the 2013 Program Year. As noted within the 2013 AAP, the first priority for CDBG funds recaptured will be for those funds to be redistributed within the Downtown Revitalization Category. In addition, the second priority for redistribution of recaptured funds will be within either the Comprehensive Revitalization Category or the Comprehensive Investment & Stabilization Category.

Pawnee City has had a long history of successful economic development activity supported via CDBG ED ReUse/Program Income. Pawnee City looks to partner with the Department of Economic Development to sustain the local utilization of CDBG ED Program Income. In that light we would like to submit the following Economic Development comments:

#2.1) Section Two: National and State CDBG Objectives

- Current language in the proposed 2013 AAPlan related to Local CDBG ED Revolving Loan Funds defines the reuse economic development program income so said funds must be used for the "same activity to assist the same business". The City of Pawnee City opposes this change which would greatly limit the opportunity to recapture future CDBG ED Grant Funds into local CDBG ED Re Use Revolving Loan Funds.

o Recommendation: Remove the language that restricts the reuse of ED program income to the "same activity for the same business". And we request NDED return to language that was in the 2012 AAPlan that will continue to allow the broader definition of CDBG ED Program Income.

#2.2) Section Five: Economic Development Priority

- Even though the City of Pawnee City has an LB 840 program which provides us an alternative tool for economic development financing, we cannot support changes in the CDBG Economic Development Priority that the Department is considering for the 2014 Program Year to limit CDBG ED funds to economic development infrastructure projects only.
- We request that NDED not remove existing activities under CDBG Economic Development Category. We request that NDED not eliminate loans to businesses. And we ask NDED not do anything that reduces or eliminates recapturing program income to local economic development revolving loan funds. The City of Pawnee City, via the example of CJ Foods, can illustrate the value of locally held CDBG ED ReUse funds.

The Department has considered your comments regarding the provisions to limit Revolving Loan Funds to use for "the same activity to assist the same business" and is continuing with the proposal as presented by the Department. As many communities have become more aware, locally managed CDBG ED RLF is become increasingly difficult to ensure compliance and accountability in accordance with HUD requirements. Therefore, we encourage you to develop and work with a regional Non-profit Development Organization (NDO) when undergoing new CDBG ED projects to generate de-federalized reuse funds that will be available for future business activities as an alternative to your previous strategy of building and managing local CDBG ED RLFs.

Pawnee City and many other communities across the State have great success stories in using local CDBG ED RLF. We appreciate your past efforts. These types of successes will continue to be possible with NDO Reuse funds, State CDBG ED RLF funds that we propose continue to be available for direct business lending, and local funds like those that you mention with LB840. The Department is committed to having available loan funds for businesses across the State, we believe that these sources and others (such as the Nebraska Progress Loan Fund) are reasonable alternatives that will be less cumbersome for local governments and for businesses to manage and utilize.

Comment #17

After a review of the 2013 Proposed Annual Action plan, the City of Weeping Water respectfully submits the following comments and recommendations for NDED's consideration of the Final Plan:

Section One: Executive Summary and Citizen Participation Plan

- WE Support the five-main priorities identified by the State which summarize the goals of the five-year Consolidated Plan.
- WE Support the Department's Citizen Participation Plan.

Thank you for your support of the priorities identified within the Consolidated Plan and your support for the Citizen Participation Plan.

Section Two: National and State CDBG Objectives

- WE support the plan as written for the Reallocation and Redistribution of CDBG Funds by category.
- WE support the Timely Expenditure of Program Income rules.
- Language related to Local CDBG Revolving Loan Funds states that intent to reuse program income must be used for the "same activity to assist the same business".
- Recommendation: Remove the language that restricts intent to reuse program income to the "same activity for the same business" to continue to allow some flexibility in distributing local revolving loan funds to assist additional businesses and activities that still meet a CDBG National Objective.

Thank you for your support for the Reallocation and Redistribution of CDBG Funds by Category and the Timely Expenditure of Program Income rules identified within the 2013 AAP.

In terms of the CDBG Revolving Loan Fund requirements, the Department has determined that program income must be used for the same activity to assist the same business.

- We commend the Department for currently allowing some flexibility in using Program Income for affordable housing activities other than the original intent of the grant (when allowed by regulation or statute), and we encourage the Department to continue to allow Program Income to be used for any eligible affordable housing activity.
- Recommendation: Remove language in the 2013 annual action plan that requires program income be used for the specific activity the grant that created the program income came from (when regulations or statutes don't prohibit doing so).

The Department has determined that for the 2013 AAP, and thus for the 2013 Program Year, CDBG program income that is being utilized within a CDBG Housing Revolving Loan Fund may be used for only owner occupied rehabilitation, down payment assistance, or rental rehabilitation (or a combination of those activities). Each unit of local government will be required to complete and submit a revised Reuse Plan to the Department for their CDBG Housing Revolving Loan Fund.

Section Three: Housing Priority

- WE Support the change in Application Submission Deadline to be postmarked by the deadline vs. received in the Department's office by the deadline.

Thank you for your comments regarding the Departmental change which allows for grant applications to be postmarked instead of requiring the applications to be received in the Department's office by the due date.

- WE commend the State and support the additional allocation of \$1 million in the NAHTF category.

Thank you for your support of the increased allocation of NAHTF funds to be used within the Nebraska Affordable Housing Program.

- The 2013 proposed plan identifies new threshold questions for both the Annual Cycle and the CDBG Owner Occupied Rehab Grant Cycle which include required percentages by the application due date for previous CDBG awards and previous NAHP awards for both the applicant and the administrator. Because not all award cycles in a program year receive award announcements and contract transmittals on the same cycle, this threshold maybe subjective to circumstances. The plan states plainly that 30 points must be achieved in the threshold requirements for an application to move forward.
- Recommendation: Use the Release of Funds date on a grant to identify proportional percentages of drawdowns versus the year the awards are funded.
- Threshold requirements require both the applicant and the administrator to meet percentages of drawdown. In some cases, the administrator is not yet identified or procured as it is not required for application.
- Recommendation: Make this threshold relative to applicants only and remove the threshold for administrators.
- Recommendation: If administrator threshold remains, define administrator as an individual procured in advance of the application.
- Recommendation: Define scoring points in the case where no administrator is yet identified.

Thank you for your comments regarding the threshold requirements within Chapter 3 of AAP as it relates to the Nebraska Affordable Housing Program (NAHP). The Department has received a number of comments regarding the threshold requirements for the required percent of funds to be drawn down by both the Applicant and Administrator. The Department has concluded that it is proper to only provide an expenditure threshold requirement for the Applicant and not require an expenditure threshold requirement for any Administrator. The Department has revised this threshold requirement within the 2013 AAP and within the 2013 NAHP Application Guidelines that require projects, for the same activity applied for, that have been open for more than 18 months since Release of Funds to have expended 50% of the NAHP funds and to require projects, for different housing activities, that have been open for more than 18 months since Release of Funds to have expended 25% of the NAHP funds.

- Question: 5 points are allotted under threshold items for N/A. Does this apply to projects where an administrator is not yet identified?
- Recommendation: Remove 5 points for NA.

The Department has reviewed the section within the Threshold requirements regarding the designation of 5 points for “NA”. The Department continues to provide points for Applicant’s who may not have any previous projects related to CDBG, HOME, or NAHTF and therefore the Department has determined that it is appropriate to include points awarded to Applicants for this section to encourage any Applicants to apply for NAHP funds. The Department does

not want to limit those applying only to organization or entities that have been previous applicants for CDBG, HOME, and NAHTF programs. In addition, those organizations that would not be eligible to receive CDBG funds (those organizations that are not units of local government) would not meet the threshold requirements if “NA” was not used within the threshold requirements.

- The proposed plan identifies points for NDED Priorities. Each priority is worth 25 points. The plan states that a total of 50 points are possible for department priorities, however it is not possible to achieve 50 points as the priorities are for two separate types of applications (Rehabilitation or Rental). Further, the proposed plan requires a minimum score that includes the Department Priority Points (50% of the total points available). Since it is only possible to obtain 25 points for the Dept. Priority score, the minimum score is actually less than 50% of possible points.
- Recommendation: State total possible points under Department Priorities for the Annual Cycle and the CDBG Cycle as "25 points".
- Recommendation: Reduce the minimum required score by 25 points for both the Annual Cycle and the CDBG Cycle.
- The Department has not included any homeownership activities under Department Priorities. Therefore all homeownership activities will automatically start with 25 less points in scoring than rental and/or rehabilitation activities. Homeownership activities support economic development in communities which is a Department Priority.
- Recommendation: Include a Department priority for homeownership activities, even if it is less than 25 points for top two priorities.

The Department recognizes the need for local prioritization of housing projects and has therefore removed the Department Priorities Section as noted within Section 3-18 of the 2013 AAP.

Because the Department is allowing for housing Applicants to determine the housing priorities within the local communities and regions, the Department has added a question within the NAHP Application Guidelines that allows the Applicant to describe their proposed project and include how the need for the project was determined and for the Applicant to describe the clearly defined, systematic, and inclusive public participation process, and the extent of public involvement, used to identify and address community needs and allocate resources.

Section Four: Community Development Priority

- WE support the addition of Comprehensive Investment & Stabilization Funding Category and the subsequent allocation of \$1 million for these activities.
- WE support the allocation and activities supported under the Community Development Public Works & Water Wastewater Categories. There are a wide variety of activities under the Public Works Categories with limited funding in the category to meet statewide needs.
- Recommendation: While we support this category and eligible activities we encourage the Department to prioritize eligible activities and allow for higher scoring to activities that include public infrastructure such as streets, storm sewer improvements; flood

control, water and wastewater support systems (line distribution, service lines, collection system improvements, etc.).

- WE support the continued allocation and activities identified under the Planning Category.
- WE support the continued allocation and activities identified under the Downtown Revitalization Category.

Thank you for supporting the designated Categories for CDBG funding included within the Community Development Priority. The Department has considered the recommendation to set priorities for specific public works activities under the Public Works Category. The Department has determined that it will not set priorities for public works activities, but will leave that task up to each unit of local government applying for CDBG funds within the Public Works Category.

Section Five: Economic Development Priority

- Without additional information we are hesitant to support changes in the Economic Development Priority that the Department is considering for the 2014 Program Year to include economic development infrastructure projects only.
- Recommendation: Provide additional information on other resources available for loans to for-profit businesses, job training, entrepreneurial development, spec building projects and short term interim financing will replace CDBG Economic Development Funds
- Removal of the existing activities under CDBG Economic Development eliminates loans to businesses, and essentially eliminates future EDRLF.
- Question: Does the State still see a continued need for NDO's to manage state and/or regional revolving loan funds if these activities are eliminated from the CDBG ED category?

The Department appreciates your contributions to the discussion for the 2014 Program Year. As a point of clarification that you may find helpful, the Department proposes to continue to have CDBG funds available for business loans through the State's CDBG ED RLF and local CDBG ED RLFs in addition to NDO Revolving Loan Funds.

Regarding your question about Non-profit Development Organizations, the Department does see a continued need for NDOs to manage NDO revolving loan funds. The Department is proposing to eliminate some direct business lending activities from the CDBG ED category from the annual CDBG allocation to the State. The Department proposes to continue to have CDBG funds available for business loans through the State's CDBG ED RLF and local CDBG ED RLFs in addition to NDO Revolving Loan Funds.

Section Six and Seven: Homeless Services Priority and HOPWA Priority

Section Eight: Application Acceptance Dates and Categorical Distribution

**Section Two: Introduction, National and State
CDBG Objectives, and Outcome
Performance Measurement System**

INTRODUCTION

PURPOSE . . .

The 2013 Annual Action Plan updates the *Nebraska Housing and Community Development Consolidated Plan*, a five-year plan (2010-2014) addressing the State's housing and community development needs. The purpose of each Annual Action Plan is to:

- **Summarize** the State's five-year priorities and objectives for housing, community development, economic development, homelessness, and HOPWA services;
- **Describe** what the State proposes to do to further the five-year priorities and objectives of the Consolidated Plan;
- **Explain** the State's method of distribution for CDBG, HOME, ESG, HOPWA, HSATF, and NAHTF funds. Activities funded from these programs must meet the priorities identified in the five-year Consolidated Plan;
- **List** the resources available to grantees and the State to further the five-year objectives;
- **Report** on specific items required by the U.S. Department of Housing and Urban Development (HUD), that include, but are not limited to, lead-based paint actions and removal of barriers to affordable housing;
- **Review** citizen comments about the 2013 Annual Action Plan and provide a response from the Department of Economic Development.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

ALLOCATION OF 2013 FUNDS

The Annual Action Plan for 2013 summarizes categories and priorities for the distribution of an estimated \$10 million in Community Development Block Grant (CDBG) funds, \$2.7 million in HOME program funds, \$690,000 in Emergency Solutions Grant (ESG); and \$328,000 in Housing Opportunities for Persons With AIDS (HOPWA) funds from the U.S. Department of Housing and Urban Development (authorized under the Housing and Community Development Act of 1974, as amended); \$2 million in Homeless Shelter Assistance Trust Fund (HSATF) funds (this amount is based on revenue projections by the Nebraska Department of Revenue); \$6 million in Nebraska Affordable Housing Trust Fund (NAHTF) funds. The document also describes program priorities and projected use of funds as well as any funds: (1) remaining or recaptured from previous CDBG allocations; (2) reallocated by HUD to the State; and (3) from program income to be distributed by the State during 2013.

Table 1 2013 Allocation

	CDBG	NAHTF⁶	HOME	ESG	HSATF⁷	HOPWA	Total Funds
Distribution¹	\$10,010,806 ³	\$6,000,000	\$2,700,000 (90%)	\$690,201 (92.5%)	\$2,029,167 (96%)	\$328,830 ⁸ (97%)	\$21,759,004
State Admin, Operations, & Technical Assistance²	\$412,705 (3% + \$100,000) ⁵	\$500,000	\$300,000 (10%)	\$55,962 (7.5%)	\$75,000 (4%)	\$10,170 (3%)	\$1,353,837
Total 2013 Allocation⁴	\$10,423,511	\$6,500,000	\$3,000,000	\$746,163	\$2,104,167	\$339,000	\$23,112,841

¹ Funds available for distribution to eligible program applicants and local governments.

² Dollar amount reserved for state administration and technical assistance may not exceed 3% of the total base allocation plus \$100,000 as per 24 CFR 570.489(a). The technical assistance may be provided by the state for capacity building for local governments and nonprofit organizations.

³ State recipients and sub-recipients may also receive administrative funds.

⁴ Includes all distribution, state administration, and technical assistance available from 2013 CDBG, NAHTF, HOME, HOPWA, ESG, and HSATF programs (does not include reallocated funds).

⁵ \$312,705 will be provided by DED as match to the CDBG administration allocation. This amount fulfills the matching the dollar-for-dollar matching requirements of the CDBG Program.

⁶ A minimum of \$675,000 of the NAHTF allocation will be committed as HOME Match to meet the 25% HOME Match requirement for the \$2,700,000 in non-administration funds.

⁷ The HSATF allocation of \$2,104,167 surpasses the ESG Program dollar-for-dollar matching requirement (and represents aid and administration).

⁸ Includes an estimated \$16,000 in administrative expenses to Nebraska AIDS Project (HOPWA Project Sponsor).

THE NEBRASKA HOUSING AND COMMUNITY DEVELOPMENT CONSOLIDATED PLAN

The 2013 Annual Action Plan (AAP) is the fourth of five Annual Action Plans. Each AAP describes the one-year actions and funding priorities used to carry out the five-year *Nebraska Housing and Community Development Consolidated Plan*. The *Consolidated Plan* is a comprehensive document identifying the State's housing, economic development, community development, and other special needs for 2010-2014. As the lead State Agency responsible for the CDBG and HOME programs, the Nebraska Department of Economic Development (DED) must complete the *Consolidated Plan* (and Annual Action Plans) to receive federal funds for these programs. DED also administers the Nebraska Affordable Housing Trust Fund (NAHTF). The Nebraska Department of Health and Human Services (DHHS) is responsible for the administration of the Nebraska Homeless Assistance Program. This is a grant program that is comprised of the Nebraska Homeless Shelter Assistance Trust Fund (HSATF) and the Department of Housing and Urban Development (HUD) Emergency Solutions Grant (ESG) program. DHHS is responsible for distribution of ESG funds and administration of the ESG program. DHHS contributes to Section 6 of the Plan regarding the Homeless Services Priority. DHHS is also responsible for the administration of the Housing Opportunities for Persons With AIDS (HOPWA) program, and contributes to Section 7 of the Plan regarding HOPWA services.

Covering all areas of the state, except Omaha, Lincoln, and Bellevue, the *Consolidated Plan* establishes funding priorities for the four federal programs, outlines objectives, and identifies one-year actions for program implementation and funding. As entitlement areas, the cities of Lincoln, Omaha, and Bellevue receive funds for these programs directly, and are required to submit and prepare their own *Consolidated Plans*. Since 2005, Lincoln ESG funding has been included in the State ESG grant process. The *Consolidated Plan* serves as a document that consolidates the planning and application aspects of the above federal programs. The Annual Action Plan also serves as the Qualified Allocation Plan (QAP) for the NAHTF.

Partnerships for Housing and Community Development The State views this planning requirement as an opportunity to extend and strengthen partnerships among organizations in the public, private, and nonprofit sectors. The goals of the *Consolidated Plan* are to provide decent housing, maintain a suitable living environment, and expand economic opportunities for all Nebraskans. As the lead agency for the *Consolidated Plan*, DED's challenge is to meet these goals using limited resources. In addition to administering CDBG, HOME and NAHTF, DED serves as a facilitator, coordinator, capacity builder, and technical assistance provider to the rural citizens and communities of Nebraska. DED believes housing, homelessness, and community and economic development needs can only be met by working in partnership with other agencies and local governments, and therefore does not provide funding directly to beneficiaries, but provides funding to local governments and other organizations throughout the state.

DHHS has increased collaboration with other agencies, departments, and local governments to address the multiple issues related to ending chronic homelessness and keeping individuals and families housed. Partnerships include work with the DHHS-Division of Behavioral Health and Mental Health and Substance Abuse Regional Governing Boards, the Nebraska Department of Corrections, the Nebraska Management Information System, regional continuums of care, and others. Partnering with the Division of Behavioral Health has led to a Housing Assistance Program and hiring of regional Housing Specialists, who are active in regional continuums of care. Current partnerships with the Division of Behavioral Health, the Nebraska Department of Corrections, the University of Nebraska- Public Policy Center, the University of Nebraska - Medical Center, and stakeholders across

the state have resulted in a Criminal Justice planning grant that will assess discharge from correctional facilities. The planning grant has a focus on intervention with youth to prevent them from re-entering a correctional facility. DHHS continues to look for additional opportunities to partner with others in ending chronic homelessness and preventing homelessness.

Nebraska's Consolidated Planning Process . . .

- Estimates housing, homelessness, community development, and other special needs for 2010-2014;
- Describes the state's housing market;
- Uses a comprehensive consultation and citizen participation process to determine priority needs;
- Outlines five-year objectives for community development, housing, economic development, homelessness, and HOPWA services;
- Gives actions planned (updated annually) for using funding that provide a basis for measuring and assessing performance. This action plan describes the State's method for distributing funds under formula allocations and using other HUD assistance during the program year.

The Consolidated Plan is available on the Nebraska Department of Economic Development's website at: <http://www.neded.org/community/grants/documentslibrary-a-forms/consolidated-plan>.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

NATIONAL AND STATE CDBG OBJECTIVES

National CDBG Objectives and State of Nebraska's CDBG Goal

“The primary national CDBG objective is to develop viable urban communities by providing decent housing, suitable living environments, and expanding economic opportunities, principally for low- and moderate-income persons (LMI).”

NATIONAL CDBG OBJECTIVES

These objectives are achieved through funding projects designed to meet at least one of the following: (1) benefit low- and moderate-income persons; (2) prevent or eliminate slums or blight; and (3) meet urgent community development needs.

Based on the amended 1974 Housing and Community Development Act, and Department of Housing and Urban Development (HUD) guidance, the national objectives are defined and clarified by DED as follows:

1. "Low-and moderate-income person" (referred to throughout this document as LMI person) means a member of a family having an income equal to or less than the Section 8 lower income limit established by HUD for their family size in their county of residence as published in the CDBG application guidelines. Unrelated individuals shall be considered as one-person families for this purpose. The income limits are determined for each Nebraska County on the higher of either: 80% of the median income of the county, or 80% of the median income of the entire non-metropolitan area of the state. An assisted activity generally meets this national objective when it:
 - A. is designed to serve an area primarily residential in character in which at least 51% of the residents are LMI, and is clearly designed to meet identified needs of LMI persons.
 - B. is designed to benefit a limited clientele in which at least 51% of the clientele are LMI persons, and is clearly designed to meet identified needs of LMI persons.
 - C. involves the acquisition or rehabilitation of property to provide housing only to the extent such housing will, upon completion be occupied by LMI persons.
 - D. is carried out by public or private nonprofit entities, or private, for-profit entities for an eligible economic development activity which:
 - i) creates jobs at least 51% of which are either (1) actually taken by LMI persons, or (2) considered available to them because:
 - (a) special skills that can only be acquired with substantial, more than one year, training or work experience or education beyond high school are not a prerequisite to fill such jobs, or the business nevertheless agrees to hire unqualified persons and provide them training; and
 - (b) the local government or the assisted business takes actions that would ensure that LMI persons receive first consideration for filling such jobs;
 - or

- ii) retains jobs at least 51% of which are actually held by LMI persons at the time the assistance is provided plus any other jobs that can reasonably be expected to become available through turnover to LMI persons in a period of two years thereafter, using the standards established in Section 105 (1)(d)(i) of the 1974 Housing and Community Development Act.
 - iii) provides homebuyer assistance to at least 51% of homebuyers who are LMI at the time the assistance is provided using the standard established in Section 105 (a)(8) of the 1974 Housing and Community Development Act.
- E. is a planning-only activity that can document that at least 51% of the persons who would benefit from implementation of the plan are LMI persons, or the planning activity is undertaken for an area or community that is 51% LMI persons.
2. "Slums" has the same meaning as substandard areas as defined in Nebraska Revised Statutes §18-2103(10). "Blight" has the same meaning as blighted areas as defined in Nebraska Revised Statutes §18-2103(11).
 - A. an assisted activity generally meets this national objective when it occurs in an area which has been designated by official action of the local government as substandard or blighted in accordance with the applicable state statute and which has a substantial number of deteriorated or deteriorating structures, and is designed to address one or more of the conditions upon which such designation was made.
 - B. is a planning-only activity that can document the plans are for a slum or blighted area, or if all planning elements are necessary and related to the slum and blight criteria.
 3. "Community development needs having a particular urgency" are existing conditions that pose serious and immediate threat to the health and welfare of the local government's citizenry where other financial resources are not available to meet such needs. An assisted activity generally meets this national objective when the local government certifies and DED determines that:
 - A. the assisted activity is designed to alleviate existing conditions posing a serious and immediate threat to the health or welfare of the community, which are documented by independent authority(ies) and being of recent origin or urgency that is generally determined by the developing condition or becoming critical within 18 months preceding certification and determination;
 - B. the local government is unable to finance the activity on its own (due to the existing and/or proposed annual average debt fee for the facility/service, which exceeds one percent of the median family income of the community/county in which the project is located); and
 - C. that other sources of funding are not available.

STATE OF NEBRASKA'S CDBG GOAL

The State's CDBG goal is achieved through investing in quality communities and quality projects designed to meet the objectives for the priorities identified in the *2010-2014 Consolidated Plan*.

Projected Use of 2013 CDBG Funds

The 2013 CDBG funds will be used for activities authorized in Section 105(a) of the amended 1974 Housing and Community Development Act that meet the national CDBG objectives. The State

certifies that not less than 70% of the aggregate funds received during 2013, 2014, and 2015 shall be used for activities benefiting LMI persons. Information for the current certification period is available upon request from DED.

CDBG funds are not specifically targeted to areas of minority concentration, but are distributed throughout the state's non-entitlement areas targeted for activities that serve LMI persons. HOME funds are not specifically targeted to areas of minority concentration, but are distributed throughout the state and are targeted for activities that serve LMI persons. Maps illustrating the geographic distribution of CDBG and HOME funds can be found in the Annual Performance Report (APR) for each funding category. Minority beneficiary data for race, ethnicity, and female head-of-household is also summarized in the APR. Since projects funded with CDBG and HOME typically provide a community-wide benefit, it can be assumed minority groups benefit equally in the same proportion as they occur in the general population. Scoring criteria for applications also reflects preference to projects that affirmatively market the availability of assistance to minority populations.

Categorical Allocation of 2013 CDBG Funds

The categories set forth in the Categorical Distribution of 2013 CDBG allocation attempt to balance the need for providing jobs and suitable places to live. Funds are reserved in each category based on a percent of the total funds available for distribution to local governments. The State is allowed \$100,000 plus 3% of the State grant for administration and technical assistance in accordance with HUD regulations. The State is also allowed 3% of the program income received by units of general local government (whether retained by the unit of general local government or paid to the State) and funds reallocated by HUD to the State.

To achieve the most effective and efficient use of CDBG funds, DED may, at its discretion, use categorical adjustments. A categorical adjustment allows DED to reserve up to 10% of the total CDBG allocation for use as needed among categories. An adjustment of more than 10% of the total allocation, or the creation or elimination of a category, will be considered a substantial amendment to the AAP, and would require further steps as identified within the Citizen Participation section of the Consolidated Plan. Adjustments may be made for remaining balances within a category within the last 3 months following a 12 month Program Year in order to meet the HUD Timely Distribution requirement which requires the CDBG grant amount for a given Federal Fiscal Year to be distributed within a HUD required 15-month time frame.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

Distribution of Other Funds

A. Remaining Funds

Funds remaining uncommitted and unobligated from prior years' allocations on the acceptance date for the 2013 CDBG Program, from any funding category, will remain in their funding category. If the remaining uncommitted and unobligated funds exceed the total amount of eligible and viable applications in the original funding category, or if funds need to be moved to another category in order for DED to meet timely distribution requirements, the funds may be distributed among any funding category identified in the 2013 Annual Action Plan. Funds for State Administration and Operations and Technical Assistance that are not used in a Program Year may be carried forward to the next Program Year.

B. Reallocated Funds

Funds reallocated by HUD during 2013 shall be used in conformance with the 2013 CDBG program guidelines, unless otherwise specified by HUD.

C. Redistributed Funds

Funds periodically recaptured by DED from grantees including, but not limited to: (a) unexpended CDBG funds for approved activities; and (b) disallowed expenditures of CDBG funds for unapproved or ineligible activities.

The first priority for the redistribution of recaptured CDBG funds is to the Downtown Revitalization Category of the Community Development Priority. The amount redistributed will not exceed the total funds required to fund all eligible and viable projects in the Downtown Revitalization application cycle.

The second priority for the redistribution of recaptured CDBG funds is to the Comprehensive Revitalization Category or Comprehensive Investment & Stabilization Category. Otherwise, funds recaptured from prior CDBG projects will be redistributed in conformance with the 2013 Category that is most similar to the Category from which the original award was made.

Funds recaptured from Economic Development Category grantees may be redistributed to either the Economic Development Category or Tourism Development Category in conformance with 2013 guidelines, or may be distributed among other funding categories.

Funds recaptured from Community Development, Housing, and Planning Category grantees will be redistributed in conformance with 2013 guidelines as follows: (1) if there are sufficient funds within 105 days from the date of the 2013 grant award, the next ranked fundable applicant(s) may be awarded; or (2) if funds are insufficient, they and any other funds recaptured after the 105 day period and prior to the 2013 CDBG application acceptance date, may be redistributed in conformance with the guidelines of any 2013 CDBG category.

CDBG funds recaptured from Housing Category grantees may be redistributed for housing activities in either the Comprehensive Revitalization Category or Comprehensive Investment & Stabilization Category. In addition, funds recaptured (de-obligated) from HOME and NAHTF grantees may also be redistributed for housing activities in the Comprehensive Revitalization and Comprehensive Investment & Stabilization.

D. Program Income (Estimated Amount for the State in 2013 - \$1,210,709)

Program income is defined as gross income received by a state, a unit of general local government or a subrecipient of a unit of general local government that was generated from the use of CDBG funds. When program income is generated by an activity that is only partially funded with CDBG funds, the income shall be prorated to reflect the percentage of CDBG funds used.

The State may use up to 3% of the amount recaptured and reportable to HUD each year for administrative expenses under the Nebraska Community Development Block Grant (CDBG) Program, including amounts recaptured and reported to HUD from and during all open grant years. Program income includes, but is not limited to: a) payments of principal and interest on loans made using CDBG funds; b) proceeds from the lease or disposition of real property acquired with CDBG funds; c) interest earned on CDBG funds held in a revolving fund account; and d) interest earned on any program income pending disposition of such income; e) proceeds from the disposition by sale or long term lease of real property purchased with CDBG funds; f) proceeds from the disposition of equipment purchased with CDBG funds; g) gross income from the use or rental of real or personal property acquired by the unit of general local government or a subrecipient of a unit of general local government with CDBG funds, less the costs incidental to the generation of the income; h) gross income from the use or rental of real or personal property owned by the unit of general local government or a subrecipient of a unit of general local government, that was constructed or improved with CDBG funds, less the costs incidental to the generation of the income; i) proceeds from the sale of loans made with CDBG funds; j) proceeds from the sale of obligations secured by loans made with CDBG funds; k) funds collected through special assessments made against properties owned and occupied by households not of low and moderate income, where the special assessments are used to recover all or part of the CDBG portion of a public improvement; and l) gross income paid to a unit of general local government or subrecipient from the ownership interest in a for-profit entity acquired in return for the provision of CDBG assistance.

The State CDBG objective for program income is to provide adequate financing for local development to ensure Nebraska's economic prosperity and to use all resources in a timely manner. The State is seeking to provide a policy for use of program income that coordinates local and State resources to the fullest extent possible. The State is responsible for ensuring that program income at the State and local levels is used in accordance with applicable federal laws and regulations. Federal regulations also allow the State to require the return of program income provided the local government will not continue the activity from which it was derived, which is defined as:

- For economic development grantees, as providing assistance to the same business for the same activity.
- For grantees with housing activities, as any eligible housing activity under Title I of the Housing and Community Development Act of 1974 (as amended), that was defined in the original program income reuse plan, and that will meet a national CDBG objective.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

Economic Development Program Income

The State implemented policies that allow local governments that actively use program income from the Economic Development Category to retain those funds. Beginning in 2013, the State will not require local governments that have been inactive in using their program income from the Economic Development Category to return their program income to the State.

Program income, which the grantee has received or expects to receive as a result of grant activities, will be subject to the following provisions:

Timely Expenditure of Program Income

2012 & Prior Years

The State used Program Income Reports submitted by local governments and/or other information obtained from local governments to determine if they had been active or inactive in using their program income from the Economic Development Category. This policy began with the 2008 Program Year and continued through the 2012 Program Year.

Local governments that had used their ED program income to fund at least one project within the previous two year period, as noted within their Program Income Reports completed on June 30 and December 31 of that current year, were considered active.

Local governments that had not used their ED program income to fund at least one project within the previous two year period, as noted within their Program Income Reports completed on June 30 and December 31 of that current year, were considered inactive.

For the State to have considered a project to be funded, the governing body of the local government must have taken formal action to approve the specified amount of funds that were committed for the project. Within ninety days of the governing body's formal action, a written agreement must have been executed by all parties involved in the project. Unless there were extenuating circumstances (which would have to have been documented and justified to the State), the funds should have been provided to the recipient within sixty days from the date the agreement was fully-executed by all parties. If the local government failed to meet these requirements, the program income account would have been considered inactive. If an ED program income fund had been determined by the State to be inactive, all program income would have been returned to the State. This applied to all program income accounts regardless of whether the account was designated as a locally administered or regionally administered fund.

In no case would a program income account have been allowed to have a balance that exceeded \$750,000. Any amount in excess of \$750,000 would have been required to be returned to the State.

2013

The State suspends the previous practice described above to allow local administrators and communities sufficient time to identify and ensure all selected projects are appropriately positioned to be fully CDBG eligible. This includes job creation/retention, meeting the National Objective to benefit low to moderate income persons, compliant with the Housing and Community Development Act, and compliant with all cross-cutting requirements, such as Davis Bacon Labor Standards and HUD Environmental Review.

CDBG Revolving Loan Fund Structures

Existing Local CDBG ED Revolving Loan Funds

Each Grantee operating a CDBG ED RLF previously adopted or will adopt a local plan that includes a detailed description of the organization, including administration and priorities of the program income projects to be approved by the Grantee. Grantee plans must state that all projects will consist of Economic Development activities that benefit low-to-moderate income persons, specifically low-to-moderate income jobs.

DED must approve this plan and, upon approval, will enter into a contract with each local government to operate the local CDBG Revolving Loan Fund. The contract will include a process for compliance monitoring and closeout of the local CDBG Revolving Loan Fund. Monitoring will occur at least one time during the contract period. Closeout of the contract will require the local government to clear any monitoring findings and submit final reports, including, but not limited to, job creation and final financial reports.

At any time during the contract period, local governments will have the option to discontinue operating the local CDBG Revolving Loan Fund and return the funds to the DED. DED may apply the returned CDBG funds to a State Regional CDBG Revolving Loan Fund (as described below) or apply the funds to the State CDBG Revolving Loan Fund.

Funds in a local CDBG Revolving Loan Funds are federal and are subject to all applicable CDBG rules and regulations.

Regional CDBG Revolving Loan Funds

CDBG Regional Economic Development Revolving Loan Funds must be structured according to the requirements found at 24 CFR 570.489(f)(2). The State will designate existing Regional Revolving Loan Funds as State Regional Revolving Loan Funds and will contract with a regional entity to administer and distribute funds to local governments from the State Regional Revolving Loan Funds on behalf of the State and in accordance with the State's method of distribution.

Local government entities can pay their program income directly into the State Regional Revolving Loan Fund. The program income then belongs to the State and the

program income in the State Regional Revolving Loan Fund can be used to fund eligible activities anywhere within the service region.

Each local government that receives a CDBG award from a State Regional Revolving Loan Fund must employ the services of a Nebraska CDBG Certified Administrator to administer the grant.

Additional CDBG Program Income Requirements

1. If the initial activity, which generates the program income, has not been completed prior to the first receipt of program income, all program income received must be applied to the current grant activity prior to requesting additional CDBG funds.
2. Miscellaneous program income generated by activities that do not meet the definitions of continued same activity must be applied to an open CDBG grant prior to requesting additional CDBG funds, or returned to the State.
3. Grantees that maintain a local revolving loan fund will be required to apply all available local or regional revolving loan funds to activities consistent with the plan of administration prior to receiving approval of CDBG grant applications for those activities.
4. Grantees electing to retain program income are required to monitor and report the amount of program income recaptured to the State. Status updates concerning the outstanding loans or leases shall be submitted on a semi-annual basis. The report includes, but is not limited to, loans made, payments received, proposed and actual jobs created, and amendments to the original loan or lease agreement, as required by the DED.
5. All program income earned as a result of CDBG grant activities is subject to all requirements of Title I of the Community Development Act of 1974 (as amended) regardless of whether the original grant is open or closed when the program income is received. In addition, all program income expended from approved CDBG revolving loan funds is subject to all requirements of Title I of the Housing and Community Development Act. This includes all second and subsequent generation loans made from the revolving loan fund.
6. Program income returned to the State will be committed to a statewide economic development revolving loan fund. Program income received from all activities will be placed in the statewide economic development revolving loan fund. When there are sufficient funds available in the revolving loan fund, these shall be distributed according to the requirements of Title I of the Community and Development Act of 1974 (as amended).
7. Local governments that are currently operating a local CDBG Revolving Loan Fund and choose to discontinue the operation of the local CDBG Revolving Loan Fund can return the funds to DED or, once the regional funds are established, return the funds directly to the State Regional Revolving Loan Fund in the local government's region.
8. Grantees may seek to form sub-grantee relationships with local nonprofit organizations to administer Revolving Loan Funds (RLF). The local government grantee funded by the

State would provide the CDBG funds to a Nonprofit Development Organization (NDO), such as a community development organization or a local economic development corporation. The NDO must be recognized (through an application process) by the State according to the requirements of 24 CFR 570.204 to carryout funded activities through a contract with the local government grantee for activities in which it retains a direct and controlling involvement and responsibilities for the provision of financial assistance to a community economic development project. The activity carried out by the nonprofit development organization must meet the requirements of Section 105 (a)(15) of the Housing and Community Development Act (HCDA). Section 105 (a)(15) provides the provision, which allows as eligible the assistance to neighborhood based nonprofit organizations, local development corporations, and nonprofit organizations serving the development needs of communities in non-entitlement areas to carry out neighborhood revitalization and community economic development projects.

- The local government grantee of State CDBG funds makes a loan to a for-profit business for economic development activities in accordance with the state's program requirements.
- The local government executes an agreement with the NDO, which executes the loan agreement for the CDBG funds loaned to the for-profit business. The NDO, the local nonprofit organization, would use the repayment of the funds from the for-profit business to make loans, such as for economic development activities.
- The repayment of the CDBG loan is made to the NDO and the NDO retains the payments for future use through a revolving loan fund, which includes a reuse plan ("NDO Reuse Plan"). The NDO Reuse Plan specifies the use of NDO proceeds and is controlled by the NDO. The Reuse Plan is reviewed by DED during the NDO designation application process to ensure the NDO meets the criteria of a Community Based Development Organization authorized in Section 105(a)(15) of the HCDA and as such will be serving development needs. . The Department also reviews the NDO Reuse Plan to ensure that the funds repaid to the NDO to continue economic development activities may not be considered program income.
- The NDO reinvests in the community through its established revolving loan fund, which can fund additional loans in the service area of the NDO.

For new CDBG Economic Development grants, the local government grantee and the NDO would submit a proposal to the State authorizing the approval of an arrangement between the local government and the NDO for the NDO to carry out the funded activities on behalf of the local government and for repayments to go to the NDO's revolving loan fund. The designated NDO must have already received approval from DED and will have an approved reuse plan in place. As an example of this process, NDO would administer the grant awarded to the local government for assistance to the for-profit business. The repayments from the business to the NDO's RLF may not be considered program income. Subsequently, loans by the NDO using those funds repaid to the RLF only have to meet those requirements in the DED-approved reuse plan. The RLF established by the NDO would reinvest in broad based economic development activities.

Local governments currently operating a local CDBG Revolving Loan Fund (RLF) can choose to enter into an agreement with a designated NDO to carry out activities with the local CDBG RLF. The NDO must be designated by DED with a DED-approved reuse plan. The NDO

must not be controlled by the State or local government. To determine whether an NDO is controlled by the State or Local Government, the NDO must meet the requirements of 24 CFR 570.204(c)(v). Although, this regulation is not directly applicable to the State's NDO requirements, it is identified by the Department as the standard by which the Department will ensure that the State and Local Government are not controlling the NDO by substituting "State" and "Local Government" for "recipient" in this section. The NDO must also include the local government in its service area. Once the funds are repaid to the NDO, the funds may no longer be subject to the CDBG federal rules and regulations, providing a regional pool of RLF dollars subject only to the requirements of the NDO reuse plan.

Monitoring of current Local CDBG Revolving Loan Funds

Beginning in January of 2013, the State will schedule monitoring visits with all local governments who have operated or continue to operate a CDBG Economic Development Revolving Loan Fund. The State will review loans for the 2011 and 2012 program years. The monitoring visits will be conducted either via desktop monitoring or onsite monitoring. The State will review local projects for compliance with all CDBG rules and regulations. Findings of non-compliance will result in the State taking appropriate corrective actions appropriate for the specific compliance issues discovered.

Housing Program Income

DED will allow units of general local government that actively use program income from the Housing Category to retain those funds for owner occupied rehabilitation, down payment assistance, or rental rehabilitation (or combination of one or more of those activities) as will be defined in the local government's revised reuse plan that will be required and approved by DED for the originally funded CDBG housing project. This revised reuse plan will replace the local government's current reuse plan that had previously been adopted for the project.

For purposes of this section related to Housing Program Income, any program income that has been received by a unit of local government from a previously funded CDBG housing project and has established an account for those CDBG funds with the purpose of reusing those funds for purposes of funding additional eligible CDBG housing activities, that fund will be considered to be a Revolving Loan Fund (RLF).

Any owner occupied rehabilitation, down payment assistance, and rental rehabilitation activities completed with program income must also be defined as an eligible housing activity under Title I of the Housing and Community Development Act of 1974 (as amended), and must meet a CDBG national objective.

The State previously implemented policies that allow local governments that actively use program income from the Housing Category to retain those funds. The State will continue to require local governments that have been inactive in using their program income from the Housing Category to return their program income to the State. The State has the discretion to waive this requirement for local governments with insufficient funds in the local account to proceed with a housing project to allow additional time to collect enough funds locally for a viable housing project.

CDBG Housing Category program income, which the grantee has received or expects to receive as a result of grant activities, will be subject to the following provisions:

Timely Expenditure of Program Income

The State will use Program Income Reports submitted by local governments and/or other information obtained from local governments to determine if they have been active or inactive in using their program income from the Housing Category. This policy began with the 2008 Program Year and will continue in the current Program Year.

Local governments that have used their Housing Category program income from their RLF to fund at least one eligible housing project located in their community within the previous two year period, as noted within the Program Income Reports completed on June 30 and December 31 of the current year, will be considered active.

Local governments that have not used their Housing Category program income from their RLF to fund at least one eligible housing project located in their community within the previous two year period, as noted within the Program Income Reports completed on June 30 and December 31 of the current year, will be considered inactive.

For the State to consider a project to be funded, the governing body of the local government must take formal action to approve the specified amount of funds be committed for the project. Within ninety days of the governing body's formal action, a written agreement must be executed by all parties involved in the project. Unless there are extenuating circumstances (which would have to be documented and justified to the State), the funds should be provided to the recipient within sixty days from the date the agreement was fully-executed by all parties. If the local government fails to meet these requirements, the RLF account will be considered inactive. If the Housing RLF has been determined by the State to be inactive, all program income must be returned to the State.

In no case shall a CDBG Housing RLF, or CDBG program income account, have a balance that exceeds \$750,000. Any amount in excess of \$750,000 shall be returned to the State.

Local CDBG Housing Revolving Loan Fund

In order to retain housing program income, grantees must provide DED with a written notice of intent to reuse program income for owner occupied rehabilitation, down payment assistance, or rental rehabilitation (or combination of those activities) and create a local CDBG Housing Revolving Loan Fund (RLF). This notice must be made within 90 calendar days from the date of the grantee's Notice of Approval letter. If the grantee's notice is not submitted to DED within the 90-day period, DED will require all program income be returned to the State. The Grantee must administer the Housing RLF locally and employ the services of a Nebraska CDBG Certified Administrator to administer the fund. The Grantee will adopt a local plan that includes a detailed description of the organization, including administration and priorities of the program income projects to be approved by the Grantee which are consistent with the definitions of the eligible activities of owner occupied rehabilitation, down payment assistance, and rental rehabilitation as noted above.

Grantee plans must include, but will not be limited to the following:

- Each unit of local of government who is retaining the RLF funds will comply with all applicable CDBG rules and regulations;
- Each unit of local of government understands that the RLF funds are federal and are subject to all applicable CDBG rules and regulations;
- Each unit of local government must complete the proper resolution, public hearing, and environmental review for each additional project funded through the RLF;
- Each unit of local government understands that funds must be used to significantly benefit the residents of the community that previously received the initial CDBG grant;
- Each unit of local government understands that RLF funds from a community cannot be provided to a regional housing program that would assist other communities.
- Each unit of local government understands that all projects will consist of housing activities that benefit low-to-moderate income persons;
- and Each unit of local government understands that all projects funded through the RLF must meet a CDBG National Objective.
- Each unit of local government understands that DED must approve this reuse plan.

Overall, DED must approve the unit of local government's reuse plan and any funds in a local CDBG Housing Revolving Loan Fund are federal and are subject to all applicable CDBG rules and regulations.

At any time, local governments will have the option to discontinue operating the local CDBG Housing Revolving Loan Fund and return the funds to the State. DED will apply the funds to the State CDBG Revolving Loan Fund.

Current Regional CDBG Housing Revolving Loan Funds

Due to the changes within the CDBG regulations, current, Regional CDBG Housing Revolving Loan Funds will no longer be permitted to assist communities throughout a given region. The CDBG Housing RLF Administrators who are currently operating these Regional Housing Revolving Loan Funds must work directly with the units of general local government who have previous Housing Program Income within these Regional RLFs to evaluate the best option for each community on what to do with their previous Housing Program Income that can no longer be utilized through a regional approach.

There are two options available for funds within these Regional Housing RLFs. They include:

1. Returning the funds to DED. Program income returned to the State will be committed to a statewide Economic Development revolving loan fund. When there are sufficient funds

available in the revolving loan fund, these shall be distributed according to the requirements of Title I of the Community and Development Act of 1974 (as amended).

2. Depositing local funds into a Local CDBG Housing Revolving Loan Fund. The Regional RLF Administrator would be required to determine the amount of funds available to each unit of general local government from the Regional RLF in order for each community to be able to determine whether or not RLF funds should be returned to the State or whether those RLF funds should be deposited into an existing or newly created local CDBG Housing RLF. Each Local Housing RLF would be required to comply with the above mentioned requirements.

Additional CDBG Program Income Requirements

1. If the initial activity, which generates the program income, has not been completed prior to the first receipt of program income, all program income received must be applied to the current housing grant activity prior to requesting additional CDBG funds.
2. Miscellaneous program income generated by activities that do not meet the definitions of eligible housing activities (i.e. owner occupied rehab, down payment assistance, or rental rehab) must be applied to an open CDBG grant prior to requesting additional CDBG funds, or returned to the State.
3. Grantees electing to retain program income are required to monitor and report the amount of program income recaptured to the State. Status updates concerning the outstanding housing loans shall be submitted on a semi-annual basis. The report may include, but is not limited to, loans made, payments received, proposed and actual LMI persons assisted, and amendments to the original loan agreement, as required by the DED.
4. All program income earned as a result of CDBG grant activities is subject to all requirements of Title I of the Community Development Act of 1974 (as amended) regardless of whether the original grant is open or closed when the program income is received. In addition, all program income expended from approved CDBG revolving loan funds is subject to all requirements of Title I of the Housing and Community Development Act. This includes all second and subsequent generation loans made from the revolving loan fund.
5. Program income returned to the State will be committed to a statewide Economic Development revolving loan fund. Program income received from all activities will be placed in the statewide economic development revolving loan fund. When there are sufficient funds available in the revolving loan fund, these shall be distributed according to the requirements of Title I of the Community and Development Act of 1974 (as amended).
6. Local governments that are currently operating a local CDBG Housing Revolving Loan Fund and choose to discontinue the operation of the local CDBG Housing Revolving Loan Fund can return the funds to DED.

Monitoring of current Local CDBG Housing Revolving Loan Funds

Beginning in 2013, the State will schedule monitoring visits with all local governments who have operated or continue to operate a CDBG Housing Revolving Loan Fund. The State will review loans for the 2011 and 2012 Program Years. The monitoring visits will be conducted either via desktop monitoring or onsite monitoring. The State will review local projects for compliance with all CDBG rules and regulations. Findings of non-compliance will result in the State taking appropriate corrective actions appropriate for the specific compliance issues discovered.

MONITORING STANDARDS AND PROCEDURES

HUD Programs

To ensure that all statutory and regulatory requirements are being met for activities with HUD funds, the Nebraska Department of Economic Development (DED) and the Nebraska Department of Health and Human Services (DHHS) use various monitoring standards and procedures.

DED and DHHS are responsible for ensuring that grantees under the CDBG, HOME, HOPWA, and ESG programs carry out projects in accordance with both Federal and State statutory and regulatory requirements. These requirements are set forth in the grant contract executed between the State and the grantee. The State provides maximum feasible delegation of responsibility and authority to grantees under the programs. Whenever possible, deficiencies are rectified through constructive discussion, negotiation, and assistance.

DED conducts two basic types of monitoring that is determined by the established “Risk Analysis” process which includes: off-site or “desktop” monitoring, and on-site monitoring for the CDBG and HOME programs. Department staff regularly review each project to verify that it is proceeding in the manner set forth in the Grant Agreement in accordance with applicable laws and regulations. The “Risk Analysis” monitoring plan determines whether the project review is conducted by a “desktop” monitoring or on-site monitoring. Desktop monitoring is an ongoing process in which the project administrator responsible for overseeing the grantee’s project uses all available information to review the grantee’s performance in carrying out the approved project. This review process enables DED to identify problems requiring immediate attention and to schedule projects for on-site monitoring. Material used for this review includes, but is not limited to: Amendments/Extensions to the Grant Agreement; Project Status Reports, Requests for a Draw-down of Funds; and other support documents.

On-site monitoring is a structured review conducted by the project administrator at the locations where project activities are being carried out or project records are being maintained. One on-site monitoring visit is normally conducted during the course of a project, unless determined otherwise by the “Risk Analysis” process. The “Risk Analysis” components for determination of “desktop” or on-site monitoring compliance review include, but are not limited to: a) grant award amount, b) length of time since grantee was monitored, c) length of time project administrator was last evaluated, d) significant outstanding audit issues, e) significant outstanding compliance issues, and f) types of prior projects monitored.

The review considers all available evidence of conforming to the approved program, substantial progress toward program goals, compliance with laws, and continued capacity to carry out the approved program. Checklists are utilized to ensure that all issues are addressed. The number of times a project is monitored depends upon the issues that arise during the desktop and/or on-site monitoring.

In summary, DED uses the processes and procedures for monitoring projects receiving HUD funds that include: an evaluation on program progress, compliance monitoring, technical assistance, utilization of project status reports, monitoring technical assistance visits, special visits, and continued contact with grantees by program representatives.

DHHS conducts subrecipient monitoring for the ESG program on an ongoing basis. Subrecipient monitoring is accomplished through a variety of methods including reviewing subrecipient reports, billings and supporting documentation; regularly scheduled and impromptu meetings with subrecipients; and inquiries from and to subrecipients regarding program requirements and activities. Ongoing technical assistance regarding allowable and unallowable costs and activities is also provided to subrecipients in the form of educational materials, conference calls, webinars, email and one-to-one contact. If the review of a subrecipient's billing by two DHHS staff identifies questionable costs or activities, additional information and/or supporting documentation is requested from the subrecipient in order to perform a more intensive review, prior to payment.

In addition to pre-payment billing review and the other monitoring practices noted above, DHHS is currently in the process of developing a strategic plan for increased oversight of subrecipients to help ensure appropriate service delivery and payment. DHHS will be submitting this plan to the U.S. Department of Housing and Urban Development (HUD) for their review by January 11, 2013. Once approved by HUD, this plan will be implemented by DHHS.

DHHS conducts desktop monitoring of the Project Sponsor on an ongoing basis for the HOPWA Program. On-site monitoring of financials and internal controls occurs every two years. Client charts are reviewed on an ongoing basis through our Provide Case Management software system and on-site at least 1-2 times per year.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

OTHER ACTIONS

Underserved Needs

All of the activities that will be funded under the State's Community Development Block Grant, HOME Investments Partnerships, Housing Opportunities for Persons With AIDS, Emergency Solutions Grant, Nebraska Affordable Housing Trust Fund, and Nebraska Homeless Shelter Assistance programs will address obstacles to meeting underserved needs. The State will identify and respond to underserved needs as they arise from self-evaluation and citizen participation.

Foster and Maintain Affordable Housing

The Housing Priority of the Annual Action Plan addresses how the State will foster and maintain affordable housing. In particular Housing Objectives One, Two and Three specifically address this issue.

Evaluate and Reduce Lead Based Paint Hazards

The State is committed to reducing lead based paint hazards. DED will continue its efforts to educate CDBG and HOME recipients on the dangers of lead-based paint. Housing Objective One and Two outline what is being done by the State to evaluate and reduce lead based paint hazards.

Reduce the Number of Poverty Level Families

Many agencies throughout Nebraska actively pursue the elimination of poverty. The role that Consolidated Plan agencies perform in this overall endeavor is to foster and promote self-sufficiency and independence. To better empower individuals and families toward self-sufficiency and independence the following strategies will be put to work:

- Promote sustainable economic development through affordable housing and other community development activities;
- Evaluate projects, in part, on the basis of their ability to foster self-sufficiency when awarding funding for projects;
- Maintain a strong relationship with the Continuum of Care system, to enhance and promote the stabilization of homeless families and encourage transition to stable households and housing situations;
- Explore partnership opportunities with other agencies that provide a range of services and activities having a measurable and potentially major impact on the causes of poverty in their communities; and
- Enhance efforts to educate the public and interested people about available supportive services that foster self-sufficiency and independent living arrangements.

Develop an Improved Institutional Structure

DED is committed to improving institutional structures. The institutional structure for the CDBG, HOME, HOPWA, and ESG programs is composed of DED, DHHS, local governments, nonprofit organizations, and private industry. It is essential that these entities work together efficiently. The Annual Action Plan focuses on improving institutional structure through coordination particularly in

rental housing programs and water/wastewater programs for communities. Additional information about improving institutional structure can be found in the *2010-2014 Consolidated Plan* in Section 4-23 through 4-24.

Enhance Coordination between Public and Private Housing and Social Service Agencies

DED is committed to enhancing the coordination between public and private housing and social service agencies. In the Nebraska Affordable Housing Program (NAHP), DED will continue to support the interagency institutional structure through set-asides for leveraging with other agency resources. In addition, DED will continue to coordinate with public partners in the Affordable Housing Agency Committee (AHAC) process to work with private housing and social service agencies through providing technical assistance and financing resources in the Nebraska Investment Finance Authority (NIFA)-led Collaborative Resource Allocation in Nebraska (CRANE) process. In addition, DED is represented on various social service state advisory groups to ensure housing services are coordinated with social services for needy populations in Nebraska. Additional information about enhancing coordination can be found in the *2010-2014 Consolidated Plan* in Section 4-23 through 4-24.

Fostering Public Housing Resident Initiatives

The State does not operate public housing units. Therefore, action in this area is not feasible. However, the State does work with local public housing agencies to the extent possible and is interested in efforts to increase residents' involvement in public management and provide them with expanded homeownership opportunities.

Remove Barriers to Affordable Housing

The Housing Priority of the Annual Action Plan addresses how the State attempts to remove barriers to affordable housing.

DED completed an Analysis of Impediments to Fair Housing Choice (AI) which is prepared in support of the Consolidated Plan. The State of Nebraska is required by HUD to complete an Analysis of Impediments to Fair Housing Choice; take actions to overcome the effects of any impediments identified; and maintain records reflecting the actions taken in response to the analysis. The purpose of the Analysis of Impediments is to foster a careful examination on a state-wide basis, those factors which restrict or preclude fair housing choice.

The Department contracted with Western Economic Services (WES) to prepare the AI. The Analysis of Impediments to Fair Housing Choice was finalized in 2011 and a copy is available on the DED website at: <http://www.neded.org/community/community-info/documentslibrary-a-forms>.

From the AI, it was determined by DED to develop an Implementation Plan for the AI and to develop objectives that would be carried out within the Annual Action Plan planning process.

The following Implementation Plan describes information on the development of the Plan and those proposed actions that will be carried out within 2012 and the 2013 Program Year.

2011 Analysis of Impediments to Fair Housing Choice Implementation Plan

Introduction

The Consolidated Plan for Housing and Community Development is a three-part planning process required by HUD, in exchange for receiving formula grant funds for the Community Development Block Grant (CDBG) Program, the Home Investment Partnership (HOME) Program, the Emergency Solutions Grant (ESG) Program, and the Housing Opportunities for Persons With AIDS (HOPWA) Program.

As part of the Consolidated Planning process, each jurisdiction is required to submit a certification that it will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.

In the summer of 2011, the Department of Economic Development (DED) contracted with Western Economic Services (WES) of Portland Oregon to satisfy the first requirement which is to conduct an Analysis of Impediments to fair housing choices outside of the Omaha, Lincoln metro area.

In the preparation of the Analysis of Impediments to Fair Housing Choice (AI) Western Economic Services performed both qualitative and quantitative research which included:

- Socio-economic and housing data from the U.S. Census Bureau;
- Employment data from the U.S. Bureau of Labor Statistics;
- Economic data from the U.S. Bureau of Economic Analysis;
- Investment data from the Community Reinvestment Act;
- Home purchase data from the Home Mortgage Disclosure Act; and
- Housing complaint data from the U.S. Department of Housing and Urban Development and the Nebraska Equal Opportunity Commission.

as well as:

- A fair housing survey of 690 stakeholders throughout the area to investigate fair housing issues in the private and public sectors;
- A planning and zoning survey to identify possible barriers to fair housing choice in established zoning and land use decisions; and
- A fair housing forum broadcast to several locations throughout the state to allow public input and reaction to preliminary findings of the AI.

From that research, WES was able to identify nine (9) public sector and seven (7) private sector impediments. These impediments are identified on the pages following this summary as are the proposed actions that the DED, with the limited funding that we have available, is suggesting to address the eight (8) impediments that were highest ranking as determined by the surveys and the public housing forum.

This is a dynamic two-year plan with measurable and observable objectives that DED will periodically monitor for progress towards our goal of alleviating or eliminating these impediments to fair housing choice. Part three of this plan will be to maintain records documenting actions and performance in this regard.

The Process

In the “Fair Housing Planning Guide,” page 2-8, HUD provides a definition of impediments to fair housing choice as:

- “Any actions, omissions, or decisions taken because of race, color, religion, sex, disability, familial status, or national origin which restrict housing choices or the availability of housing choices [or]
- “Any actions, omissions, or decisions which have the effect of restricting housing choices or the availability of housing choices on the basis of race, color, religion, sex, disability, familial status, or national origin.”¹

The list of protected classes included in the above definition is drawn from the federal Fair Housing Act, which was first enacted in 1968. However, state and local governments may enact fair housing laws that extend protection to other groups and the AI is expected to address housing choice for these additional protected classes as well.

The AI process involves a thorough examination of a variety of sources related to housing, affirmatively furthering fair housing, the fair housing delivery system, and housing transactions, particularly for persons who are protected under fair housing law.

The development of an AI also includes public input and review via direct contact with stakeholders, public meetings to collect input from citizens and interested parties, distribution of draft reports for citizen review, formal presentations of findings and impediments, along with actions to overcome the identified impediments.²

Those impediments that were identified in the Analysis of Impediments were:

- Refusal to rent by rental property managers
- Lack of local code enforcement
- Lack of local fair housing policies, ordinances, or regulations
- Inadequate fair housing outreach and education activities
- Insufficient establishment and enforcement of building codes regarding special needs housing
- Discriminatory terms and conditions offered in rental markets
- Failure to make reasonable accommodations
- Lack of actions for affirmatively furthering fair housing by CDBG sub-recipients
- Shortage of fair housing services
- Issuance of predatory-type loans in the home purchase markets
- Denial of home purchase loans
- Lack of statewide fair housing cooperation
- Steering in the real estate markets
- Lack of collaboration among fair housing agencies to contribute to the AI process
- Discriminatory terms and conditions relating to sale
- Language barriers in permitting processes

¹ Fair Housing Planning Guide. U.S. Department of Housing and Urban Development.
<http://www.hud.gov/offices/fheo/images/fhpg.pdf>

² State of Nebraska Final Report Analysis of Impediments to Fair Housing Choice January 10, 2012

These 16 impediments were entered into a survey instrument which was submitted to members of six (6) different agencies and authorities with interests in affirmatively furthering fair housing opportunities.

Those agencies were:

- Fair Housing Center of NE and IA
- High Plains Community Development Corporation
- Nebraska Housing Developers Association
- Nebraska Equal Opportunity Commission
- Nebraska Department of Health and Human Services
- Nebraska Department of Economic Development

Each of those agencies or authorities was asked to have at least three (3) of their members answer the survey question. The Department of Health and Human Services failed to participate, which resulted in 15 respondents from five (5) agencies.

Each of the 16 impediments was compared against another and respondents were asked to determine which had the higher priority in the respondent's opinion. For example:

“Of the following 2 impediments identified in the draft Nebraska Analysis of Impediments to Fair Housing Choice – which is a higher priority for DED/DHHS to take affirmative action to remove barriers in the 2012 plan year? Choose One

(1) Discriminatory terms and conditions offered in rental markets - Discriminatory terms and conditions were encountered in the rental market in the non-entitlement areas of Nebraska; “discriminatory terms and *conditions*” refers to differences in leasing agreement or arrangements such as requiring higher monthly rents or deposits based on protected class status, including race, national origin, and disability.

(2) Failure to make reasonable accommodations or modifications and failure to allow service animals and accessibility renovations for persons with disabilities.”

From those comparisons, done by each respondent, for each pair of impediments a matrix was developed to tabulate the results. Below are the results of those tabulated responses:

Impediment	Magnitude of Importance
Refusal to rent by rental property managers	150
Lack of local code enforcement	148
Lack of local fair housing policies, ordinances, or regulations	139
Inadequate fair housing outreach and education activities	138
Insufficient establishment and enforcement of building codes regarding special needs housing	130

Discriminatory terms and conditions offered in rental markets	119
Failure to make reasonable accommodations	116
Lack of actions for affirmatively furthering fair housing by CDBG sub-recipients	112
Shortage of fair housing services	110
Issuance of predatory-type loans in the home purchase markets	99
Denial of home purchase loans	92
Lack of statewide fair housing cooperation	91
Steering in the real estate markets	86
Lack of collaboration among fair housing agencies to contribute to the AI process	86
Discriminatory terms and conditions relating to sale	83
Language barriers in permitting processes	74

From this list, the top eight (8) were chosen on which to focus our attention and resources. The table below is a result of our work group discussions related to these priorities and includes the impediment and proposed actions to be taken.

Proposed Actions for the 2012 and 2013 Plan

Proposed Actions based on priorities (re-ordered based on multiple impediments that can be addressed by the same action(s)).

Impediment	Proposed Actions AI	Other Proposed Actions for workgroup consideration
Refusal to rent by rental property owners	Testing, enforcement, educate landlords & property managers, educate consumers	Have testing done in 5 specific communities and use for education rather than enforcement. Contract with a Nebraska Non-profit to conduct a RentWise train the trainer session with emphasis on Housing Authority property managers and RentWise training in 5 communities. Include training of providers and landlords as an AFFH activity for local governments (see last impediments & suggestions). Develop a strategy and proposal (including funding) to the NEOC for final approval for NEOC to engage a contractor to conduct testing prior to the alleged offender being served by NEOC to supplement evidence.
Discriminatory terms and conditions offered in rental markets		
Failure to make reasonable	Testing, enforcement,	All of the above, plus have housing grant available for Making Homes Accessible for up to 8 low-income

accommodations	educate housing providers	homeowners (80% AMI) and renters (60% AMI) in non-entitlement communities to accommodate housing needs.
Lack of local code enforcement	Encourage increased enforcement and monitor change	Contract with a Nebraska Non-profit to adapt an existing guidebook or develop a guidebook for local governments on local property maintenance codes and codes for special needs housing.
Insufficient establishment and enforcement of building codes regarding special needs housing	Evaluate building code establishment and enforcement, determine inadequacies, encourage and monitor change	
Lack of local fair housing policies, ordinances, or regulations	Encourage establishment of these and monitor change	Contract with a Nebraska Non-profit to inventory local policies. Communities of a certain size or classification (First class city for example)? Perform review of as many as 20 communities as funding allows.
Lack of actions to Affirmatively Further Fair Housing by CDBG sub-recipients	Establish identifiable guidelines	Continue improvements to guidance on AFFH steps and monitoring by DED. Include listing of AFFH contractual “action step” in DED Annual Performance Report. Develop a distribution list of CDBG Fair Housing Contacts. Contract with Fair Housing education provider to perform up to 4 webinars and 10 community trainings on-site about Fair Housing. Provide financial support for at least one Fair Housing Conference/training (such as Lincoln Commission on Human Rights Civil Rights conference). Add at least 1 more feature, to include Landlord/Tenant Act information, to housing.ne.gov that educates visitors to the site on fair housing. Host a major education event in the Western region of the state and use agency authority to require certain community and organization representatives attend.
Inadequate fair housing outreach and education activities	Increase frequency of outreach & education, webinars, seminars. Increase frequency of testing and enforcement	

The DED is prepared to devote \$200,000 Administration and Technical Assistance funds and \$75,000 in project funds from the Nebraska Affordable Housing Trust Fund in each of the next two years to address these impediments. The exact mechanism for the distribution of these funds is yet to be decided, but a proposal is attached.

Conclusion

This document is intended to be a dynamic plan to address the impediments to Fair Housing Choice as identified in the 2011 Analysis of Impediments. The impediments that have been identified as the most pressing have been discussed by the various participating groups as have the

proposed actions to be taken. The Department believes there is a general consensus of the goals of the plan although there has been some discussion of who best can carry out some of those actions. One of the unstated impediments, but certainly one of the goals, is to further cooperation and collaboration of the various fair housing organizations.

The exact details of many of these goals will be worked out through contract negotiation with the various groups identified in the Sources and Uses table on the following page. The Department is expecting a quarterly report or progress from each of those groups, and will make adjustments to the implementation plan based on those findings. The current status of each of the goals is noted within the Sources and Uses table below.

The Department will remain in contact with HUD as to our progress in addressing those impediments to fair housing choice.

Note: Some of the actions will begin in 2012 but accomplishments may not be fully realized until the end of the 2013 Program Year (June 30, 2014).

SOURCES→	CDBG Admin	CDBG TA	HOME Admin	TF Admin	NSP¹ Admin	TF Project	TOTALS
USES (Activities)↓							
Fair Housing Testing (Underway)							
NEOC			\$14,000				\$14,000
Family Housing Advisory Services, Inc. ²		\$14,000					\$14,000
High Plains Community Development Corporation, Inc. ³		\$7,000					\$7,000
Fair Housing Training Activities (Planned For)							
Rent Wise Training / Train the Trainer			\$20,000				\$20,000
Rent Wise Community Training Session (5) ⁴	\$15,000						\$15,000
Outreach / Education (Planned For)							
NEOC	\$5,000						\$5,000
Family Housing Advisory Services, Inc.			\$5,000				\$5,000
High Plains Community Development Corporation, Inc.				\$5,000			\$5,000
Financial support Housing.Ne.Gov	\$5,000						\$5,000
Making Homes Accessible / Grant (Underway)						\$75,000	\$75,000
Development of a Guidebook for Property Maintenance Standards and Special Needs Housing (Being Evaluated)		\$15,000	\$15,000	\$15,000			\$45,000
Local policy inventory (Being Evaluated)	\$20,000				\$40,000 ⁵		\$60,000
Fair Housing Conference (financial support) (Completed)		\$10,000					\$10,000
TOTALS:	\$45,000	\$46,000	\$54,000	\$20,000	\$40,000	\$75,000	\$275,000

¹ Can only be used in: (1) Central City; (2) Cozad; (3) Hastings; and (4) Kearney

^{2, 3, 4} For educational activities related to Cities and Counties

⁵ \$10,000 each, Central City, Cozad, Hastings, and Kearney

NEBRASKA OUTCOME PERFORMANCE MEASUREMENT SYSTEM

The State of Nebraska has developed an “Outcome Performance Measurement System” in which data is being collected on outcomes of activities funded with CDBG, HOME, ESG, and HOPWA Funds. The Outcome Performance Measurement System is set forth in the Department of Housing and Urban Development’s Notice of Outcome Performance Measurement System for Community Planning and Development Formula Grant Programs [Docket No. FR-4970-N-02], and is required to be included in State Annual Action Plan’s as per Federal Register 24 CFR Parts 91 and 570 Consolidated Plan Revisions and Updates Final Rule.

The Nebraska Outcome Performance Measurement System has been developed around major activities funded with CDBG, HOME, HOPWA, and ESG Funds. Those activities include: Public Facilities or Infrastructure; New Rental Units Constructed and Rental Rehabilitation; Homeownership Units Constructed, Acquired, and/or Acquired with Rehabilitation; Owner Occupied Rehabilitation; Down Payment Assistance; Tenant-based Rental Assistance, Job Creation; Job Retention; Business Assistance; Community Revitalization; Homeless Services; and Homelessness Prevention. The State of Nebraska’s Annual Action Plan identifies objectives and performance indicators to address the states needs.

For the purposes of the Performance Measurement System, each activity is assigned to one of three objective categories that best illustrates the purpose and intent of the activity. The three objectives are:

- Suitable Living Environment: This objective relates to activities that are designed to benefit communities, families, or individuals by addressing issues in their living environment.
- Decent Housing: This objective focuses on housing programs where the purpose of the program is to meet individual family or community needs and not programs where housing is an element of a larger effort, since such programs would be more appropriately reported under Suitable Living Environment.
- Creating Economic Opportunities: This objective applies to the types of activities related to economic development, commercial revitalization, or job creation.

Once the objective for the activity is determined, one of three outcome categories is selected that best reflects what will be achieved by funding the activity. The three outcome categories are:

- Availability/Accessibility: This outcome category applies to activities that make services, infrastructure, public services, public facilities, housing, or shelter available or accessible to low-and moderate-income people, including persons with disabilities. In this category, accessibility does not refer only to physical barriers, but also to making the affordable basics of daily living available and accessible to low- and moderate-income people where they live.
- Affordability: This outcome category applies to activities that lower the cost, improve the quality, or increase the affordability of a product or service to benefit a low-and moderate-income person or household.
- Sustainability - This outcome applies to projects where the activity or activities are aimed at improving communities or neighborhoods, helping to make them livable or viable by providing benefit to persons of low- and moderate-income or by removing

or eliminating slums or blighted areas, through multiple activities or services that sustain communities or neighborhoods.

OBJECTIVES & OUTCOMES = OUTCOME STATEMENT			
	Outcome 1: Availability/Accessibility	Outcome 2: Affordability	Outcome 3: Sustainability
Objective 1: Creating Suitable Living Environments	Accessibility for the purpose of creating Suitable Living Environments (SL-1)	Affordability for the purpose of creating Suitable Living Environments (SL-2)	Sustainability for the purpose of creating Suitable Living Environments (SL-3)
Objective 2: Providing Decent Affordable Housing	Accessibility for the purpose of providing Decent Housing (DH-1)	Affordability for the purpose of providing Decent Housing (DH-2)	Sustainability for the purpose of providing Decent Housing (DH-3)
Objective 3: Creating Economic Opportunities	Accessibility for the purpose of creating Economic Opportunities (EO-1)	Affordability for the purpose of creating Economic Opportunities (EO-2)	Sustainability for the purpose of creating Economic Opportunities (EO-3)
OUTCOME STATEMENTS			

Specific outcome indicators are identified in the Annual Action Plan for each objective. Indicator data will be collected from funding recipients through grant administration and reported by the State in HUD's Integrated Disbursement and Information System (IDIS) at the time of grant closeout.

Section Three: Housing Priority

Respond to regional needs for affordable, decent, safe and appropriate housing as part of balanced economic development in Nebraska.

Housing Priority Statement & Objectives

HOUSING PRIORITY: RESPOND TO REGIONAL NEEDS FOR AFFORDABLE, DECENT, SAFE AND APPROPRIATE HOUSING AS A PART OF BALANCED ECONOMIC DEVELOPMENT IN NEBRASKA.

The State of Nebraska's Objectives developed to meet the Housing Priority include:

Objective One: Promote additional affordable rental housing and preservation of affordable rental housing in selected markets.

Objective Two: Promote housing preservation by improving the quality of Nebraska's existing affordable housing stock.

Objective Three: Promote additional households into homeownership by expanding affordable homeownership opportunities.

Objective Four: Enhance statewide understanding of fair housing law through outreach and education.

Background

HUD requires the State to report the activities it plans to undertake during the next year to:

- Address obstacles to meeting underserved needs;
- Foster and maintain affordable housing (including the coordination of Low-Income Housing Tax Credits with the development of affordable housing);
- Remove barriers to affordable housing;
- Evaluate and reduce lead-based paint hazards;
- Reduce the number of poverty level families;
- Develop an improved institutional structure; and
- Enhance coordination between public and private housing and social service agencies and foster public housing resident initiatives.

These activities are reflected in the housing objectives and actions for the 2013 Program Year, and in Section 2 of the 2013 Annual Action Plan.

As shown in the Housing Needs Assessment section (Part Four) of the State's *Consolidated Plan*, a great need exists in the state for available housing stock that is affordable. Two primary issues exist: housing availability and affordability.

Data from the 2000 Census noted that about 150,000 households in Nebraska had a housing problem. These problems included: incomplete plumbing facilities, incomplete kitchen facilities, overcrowding, severe overcrowding, cost burden, and severe cost burden. This information suggested that lower-income renters and homeowners were more likely to reside in units with a housing problem.

Because many housing units in Nebraska were built prior to 1980, the risk of lead-based paint hazards is a significant problem. In 2000, 57.9 percent of owner-occupied units and 56.1 percent of renter-occupied units were at risk; this represented nearly 382,000 housing units. Furthermore, when the number of units with lead-based paint risks were segmented by income and tenure, over 77,000, or 88%, of the at-risk rental units were found to be occupied by extremely low- to moderate-income (LMI) households. This is more than 79.8 percent of LMI homeowners who faced the potential of lead-based paint hazards. According to the 2000 Census, 43.9 percent of the total housing stock was constructed prior to 1960 and 25.3 percent was constructed prior to 1940. These homes have a greater potential for structural problems related to inadequate foundations and floor supports, poor plumbing, outdated electrical wiring, with substandard roofing, as well as greater likelihood of lead-based paint hazards.

In the future, Nebraska's population will continue to grow and household formation will continue to place pressures on the state's housing market. Between 1990 and 2000, the total number of households in Nebraska increased more quickly than the population, growing 10.6 percent versus the 8.4 percent rise in population. In addition, the distribution of household income in Nebraska did not improve appreciably between 1990 and 2000. By 2000, the total number of extremely low-income households, meaning they earned less than 30 percent of the Area Median Family Income, increased from 1990 and lower-income households were significantly more common among racial and ethnic minorities in Nebraska. The State's disabled population totaled 16 percent of Nebraska's overall population in 2000. Relatively higher concentrations of the disabled population were found in the more rural areas of Nebraska compared to the more densely populated eastern portion of the State.

Due to the number of low income households, the availability of housing, and the condition of the current housing stock across Nebraska, it is critical that DED make strategic and focused investments with the limited Nebraska Affordable Housing Program (NAHP) resources. It is simply not feasible to assist every qualified recipient in every qualified household, or even a substantial portion. Instead, DED housing investments are made with considerations for the direct beneficiaries and the effect of the investment on housing values, expanding the life of a home, and positive effects on the local economy.

The Nebraska Commission on Housing and Homelessness

The Nebraska Commission on Housing and Homelessness (NCHH) was established by Executive Order in 1998. This commission consolidates the work of the Nebraska Affordable Housing Commission, the Nebraska Interagency Council on the Homeless, and the Affordable Housing Trust Advisory Committee, and recognizes the strong link among housing, homelessness, and near homeless issues.

The Commission's function is to make recommendations to DED and the Nebraska Department of Health and Human Services (DHHS) on the operation of the Nebraska Affordable Housing Trust Fund (NAHTF) and the Homeless Shelter Assistance Trust Fund (HSATF) respectively; serve as an advisory body on housing and homelessness; assist with education, advocacy, coordination and cooperation; and integrate recommendations from *Nebraska's Housing and Community Development Consolidated Plan* and the *Annual Action*

Plan with other statewide strategic planning initiatives that involve affordable housing, homelessness/at risk of homelessness, and other housing issues.

Actions for the 2013 Program Year

The State views the provision of affordable housing as a high priority, especially for persons/families making 100% of the Area Median Income (AMI) or less. The State works with public, private, and nonprofit organizations to identify needs, fill gaps in services, and provide technical assistance in the area of housing. Actions planned for 2013 that will further this goal are a result of the priority for funding and objectives set by the State in 2010 in the *2010-2014 Consolidated Plan*.

2013 program objectives and measurements (planned between July 1, 2013 and June 30, 2014) are as follows:

Specific Objective	Outcome/Objective	Sources of Funds	Performance Indicators	Year	Expected Number	Actual Number	Percent Complete
	Specific Annual Objective						
DH-2	Affordability of Decent Housing						
NEW RENTAL UNITS CONSTRUCTED AND RENTAL UNITS REHABILITATED							
DH-2.1	PROMOTE ADDITIONAL AFFORDABLE RENTAL HOUSING AND PRESERVATION OF AFFORDABLE RENTAL HOUSING IN SELECTED MARKETS.	CDBG HOME NAHTF	Number of Affordable Rental Units Newly Constructed.	2010	25	75	100%
				2011	25	53	100%
				2012	25		
				2013	25		
				2014			
			Number of units meeting Section 504 Standards.	2010	4	69	100%
				2011	4	44	100%
				2012	4		
				2013	4		
				2014			
			Number of units qualified as Energy Star.	2010	0	0	100%
				2011	0	0	100%
				2012	0		
				2013	0		
				2014			
		CDBG HOME NAHTF	Number affordable rental units rehabilitated.	2010	25	148	100%
				2011	25	0	0%
				2012	25		
				2013	25		
				2014			
			Number of rehabilitated affordable rental units meeting Section 504 standards.	2010	0	0	100%
				2011	0	0	100%
				2012	0		
				2013	0		
				2014			
			Number of rehabilitated	2010	0	0	100%
				2011	0	0	100%

DH-2.1	PROMOTE ADDITIONAL AFFORDABLE RENTAL HOUSING AND PRESERVATION OF AFFORDABLE RENTAL HOUSING IN SELECTED MARKETS. (continued)	CDBG HOME NAHTF	affordable rental units qualified as Energy Star.	2012	0		
				2013	0		
				2014			
			Number of rehabilitated affordable rental units created through conversion of non-residential buildings.	2010	10	6	60%
				2011	10	9	90%
				2012	10		
				2013	10		
				2014			
			Number of rehabilitated affordable rental units brought from substandard to standard condition (DED Rehabilitation Standards).	2010	10	5	50%
				2011	10	0	0%
				2012	10		
				2013	10		
				2014			
			Number of rehabilitated affordable rental units brought into compliance with lead safe housing rule (24 CFR part 35).	2010	10	0	0%
				2011	10	0	0%
				2012	10		
				2013	10		
				2014			
HOMEOWNERSHIP UNITS CONSTRUCTED, ACQUIRED AND/OR ACQUIRED WITH REHABILITATION ACTIVITIES OWNER OCCUPIED UNITS REHABILITATED OR IMPROVED							
DH-2.2	PROMOTE HOUSING PRESERVATION BY IMPROVING THE QUALITY OF NEBRASKA’S EXISTING AFFORDABLE HOUSING STOCK.	CDBG HOME NAHTF	Number of affordable units newly constructed, acquired or acquired with rehabilitation.	2010	150	252	100%
				2011	150	37	25%
				2012	150		
				2013	150		
				2014			
			Number of units that are newly constructed, acquired, and/or acquired with rehabilitation that require five years of affordability period.	2010	150	252	100%
				2011	150	37	25%
				2012	150		
				2013	150		
				2014			
			Number of units	2010	5	2	40%

DH-2.2	PROMOTE HOUSING PRESERVATION BY IMPROVING THE QUALITY OF NEBRASKA’S EXISTING AFFORDABLE HOUSING STOCK. (continued)	CDBG HOME NAHTF	constructed, acquired, or acquired with rehabilitation that are Section 504 accessible.	2011	5	2	40%		
				2012	5				
				2013	5				
				2014					
			Number of households previously living in subsidized housing.	2010	5	0	0%		
				2011	5	11	100%		
				2012	5				
				2013	5				
				2014					
			CDBG HOME NAHTF	Number of rehabilitated owner-occupied units brought from substandard to standard condition (DED Rehabilitation Standards).	2010	100	121	100%	
		2011			100	108	100%		
		2012			100				
		2013			100				
		2014							
		Number of rehabilitated owner-occupied units qualified as Energy Star.		2010	0	0	100%		
				2011	0	0	100%		
				2012	0				
				2013	0				
				2014					
		Number of rehabilitated owner-occupied units brought into compliance with lead safe housing rule (24 CFR part 35)		2010	10	97	100%		
				2011	10	86	100%		
				2012	10				
				2013	10				
				2014					
		DIRECT FINANCIAL ASSISTANCE TO HOMEBUYERS							
DH-2.3	PROMOTE ADDITIONAL HOUSEHOLDS INTO HOMEOWNERSHIP BY EXPANDING AFFORDABLE HOMEOWNERSHIP OPPORTUNITIES.	CDBG HOME NAHTF	Number of first-time homebuyers benefitting from direct financial assistance to homebuyers.	2010	50	171	100%		
				2011	50	37	74%		
				2012	50				
				2013	50				
				2014					
			Number of first-time homebuyers benefitting from direct financial assistance that also received housing counseling.	2010	50	171	100%		
				2011	50	37	74%		
				2012	50				
				2013	50				
				2014					
		DH-2.3	PROMOTE	CDBG	Number of	2010	50	171	100%

	ADDITIONAL HOUSEHOLDS INTO HOMEOWNERSHIP BY EXPANDING AFFORDABLE HOMEOWNERSHIP OPPORTUNITIES. (continued)	HOME NAHTF	first-time homebuyers that receive down-payment and closing cost assistance.	2011	50	37	74%
				2012	50		
				2013	50		
				2014			
FAIR HOUSING OUTREACH AND EDUCATION							
N/A	ENHANCE STATEWIDE UNDERSTANDING OF FAIR HOUSING LAW THROUGH OUTREACH AND EDUCATION.	CDBG HOME NAHTF	Number of community representatives trained on Fair Housing Act requirements.	2010	25	62	100%
				2011	25	52	100%
				2012	25		
				2013	25		
				2014			
			Number of communities that undertook activities to affirmatively further fair housing.	2010	30	19	63%
				2011	30	52	100%
				2012	30		
				2013	30		
				2014			

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

Housing Funding Categories

A. DED Affordable Housing Program (Includes Nebraska Affordable Housing Trust Fund (NAHTF), Community Development Block Grant (CDBG), and HOME Category – State Objectives

The State objectives for using NAHTF, CDBG, and HOME funds in the Housing Category provide for investing funds in quality projects and programs for quality communities so that local governments and nonprofit organizations can leverage private financing to provide for permanent, energy efficient, affordable housing.

Projects will (1) address housing conditions related to community economic development needs; (2) expand equal housing opportunities; or (3) create public/private partnerships to address housing needs holistically (linking housing with supportive services to promote economic self-sufficiency and family preservation).

The Nebraska Affordable Housing Program Outcome Statement is:

Safe, decent, affordable appropriate housing for all Nebraskans is the foundation for economic growth.

In administering the resources for the Nebraska Affordable Housing Program there are constraints of using these funds that the Department cannot change. Following is a sampling of givens related to the Nebraska Affordable Housing Program (NAHP).

Legislative, Statutory and Regulatory Givens:

The Affordable Housing Act and Rules and Regulations, which govern the Nebraska Affordable Housing Trust Fund

- Income restrictions
- Eligible recipients
- Factors for award consideration
- Eligible activities
- Eligible housing

U.S. HUD statutory, regulatory and administrative requirements for the HOME and CDBG programs

- Income restrictions
- Rent restrictions
- Eligible recipients
- Eligible beneficiaries
- Eligible housing
- Eligible activities
- HOME match requirements of 25%, where the source, type, and reporting requirements of eligible match is restrictive

Department of Economic Development statutory requirements

- Commitment to coordinated development activities

Control Agency (HUD and other State Agencies) Givens:

- Projects cannot begin non-administrative activities until after Notice of Release of Funds.
- Thorough and detailed review at application before funding that includes requiring evidence and documentation of expected program compliance.
- Maintain an ongoing commitment to ensure program compliance.

Additional information regarding constraints on the use of funds in the Nebraska Affordable Housing Programs, including but not limited to affordability periods and resale and recapture requirements, can be found in the program administration manuals and application guidelines on NDED's website: <http://www.neded.org/nebraska-affordable-housing-trust-fund-library-and-forms>.

B. How and What Projects May be Assisted

DED will award funds under the Housing Category to eligible local governments, local or regionally-based nonprofit 501(c)(3) or 501(c)(4) housing organizations (including reservation-based non-profit organizations), public housing authorities, and other eligible entities to carry out quality housing programs and projects that meet the national and state objectives for NAHTF, CDBG, and HOME programs.

The 2013 DED Affordable Housing Program includes the following applications for funding based on the total NAHP allocation. DED will begin to review all applications after they are received on the specified due date as defined within the Application Guidelines. The Application Guidelines for each project category will include a description of threshold requirements and scoring criteria. Generally, applications that meet all threshold requirements and rank highest shall receive either a Notice of Award or a Notice of Conditional Award, subject to the amount of funds available. DED reserves the right to fund or not fund applications based on the status of other federal and state funding sources involved in the project and conditional reservations of funds, regardless of ranking. DED will determine the most appropriate funding source and amount for the proposed project or program.

DED may provide a Notice of Conditional Award with the condition that the applicant transfer the project to another DED determined eligible applicant. The newly identified eligible recipient must complete all requirements for the identified funding source as a Condition of Award. Applications recommended for approval through this process will be presented to the Community and Rural Development (CRD) Division's Director for consideration of recommending an award to the Director of the Department of Economic Development. The CRD Director has the authority to ask for reconsideration of the award recommendation. The Director of the Department of Economic Development has the final decision making authority. The CRD Director may make awards for non-profit operating

assistance, predevelopment, and program set-aside awards on the Department Director's behalf. All actions will be in compliance with the submission and selection criteria. Disaster Emergency Housing awards will be approved by the Governor. NDED reserves the right to make first contact with an eligible applicant to encourage application immediately following a natural disaster that creates housing needs that may be met by the NAHTF. Disaster emergency housing does not have a specific allocation of NAHTF and therefore the funding available is subject to the actual NAHTF balance and obligations at the time of award.

■ ■ ■ DISASTER EMERGENCY HOUSING FUND ■ ■ ■

NAHTF funds will be available to respond to housing needs related to State Declared Disaster areas for eligible activities.

DED will make every effort to expedite assistance through the disaster emergency award. The NAHTF, however, was not created as a first response resource and is not available to individuals on an emergency basis. Instead the NAHTF is a valuable resource in addressing intermediate housing needs after a natural disaster. In addition, applicants must be aware that since NAHTF resources are not an entitlement program these funds often are not adequate to assist all NAHTF eligible beneficiaries in the disaster area.

The Department has ongoing disaster contracts with the following agencies if an area is declared a state disaster area:

- **Blue Valley Community Action:** Fillmore, Gage, Jefferson, Polk, Saline, Thayer and York counties.
- **Central Nebraska Housing Developers:** Blaine, Boyd, Brown, Cherry, Custer, Garfield, Greeley, Hamilton, Holt, Howard, Keya Paha, Loup, Merrick, Rock, Sherman, Valley and Wheeler counties.
- **Community Action Partnership of Mid-Nebraska:** Buffalo, Franklin, Frontier, Furnas, Gosper, Harlan, Kearney, Phelps and Red Willow counties.
- **Housing Development Corporation:** Adams, Clay, Hall, Nuckolls and Webster counties.
- **Lincoln County CDC:** Lincoln County.
- **Northeast Nebraska Development District:** Antelope, Boone, Burt, Cedar, Colfax, Cuming, Dakota, Dixon, Dodge, rural Douglas, Knox, Madison, Nance, Pierce, Platte, Stanton, Thurston, Washington, and Wayne counties.
- **City of Omaha:** City of Omaha
- **Panhandle Area Development District:** Banner, Box Butte, Cheyenne, Dawes, Deuel, Garden, Kimball, Morrill, Scotts Bluff, Sheridan and Sioux counties.
- **Sandhills RC&D:** Arthur, Grant, Hooker, Logan, McPherson and Thomas counties.
- **Southeast Nebraska Affordable Housing Council:** Butler, Lancaster, Otoe, Saunders, and Seward counties.
- **Southeast Nebraska Community Action:** Cass, Johnson, Nemaha, Pawnee, Richardson and Sarpy counties.

- **Southwest Nebraska Community Betterment Corporation:** Chase, Dundy, Hayes, Hitchcock and Perkins counties.
- **West Central Nebraska Development District:** Keith and Dawson counties.

■ ■ ■ RENTAL HOUSING ■ ■ ■

HOME and NAHTF funds will be available for newly-constructed affordable rental housing; acquisition and/or rehabilitation of existing rental housing; and lease-purchase programs that lead to homeownership.

Rental projects, excluding those using Low-Income Housing Tax Credits (LIHTC), including new construction, acquisition and/or rehabilitation are eligible to apply in the NDED Annual Cycle Housing Application Cycle. Projects that are seeking (but have not received) a Low-income Housing Tax Credit allocation are eligible to apply in the combined DED/NIFA Annual LIHTC Application Cycles. Applications for funding for rental projects must be made through one of these application cycles.

The NAHP Annual Cycle Housing Application Cycle for New Construction, Acquisition, or Rehabilitation Rental Projects will be considered for NAHTF or HOME funds.

NAHTF Funds - available to local or regional nonprofit 501(c)(3) or 501(c)(4) housing organizations (including reservation-based non-profit organizations), local units of government, and public housing authorities. These funds will be provided for new construction rental housing; lease-purchase programs, where the housing unit assisted will remain rental housing (leased) for 36 months or greater; new construction rental housing with some infrastructure; lease-purchase programs with some infrastructure, where the housing unit assisted will remain rental housing (leased) for 36 months or greater; and for the acquisition and rehabilitation of existing rental housing.

HOME Funds – available to local or regional nonprofit 501(c)(3) or 501(c)(4) housing organizations (including reservation-based non-profit organizations), local units of government, and public housing authorities. These funds will be provided for new construction rental housing; lease-purchase programs, where the housing unit assisted will remain rental housing (leased) for 36 months or greater; new construction rental housing with some infrastructure; lease-purchase programs with some infrastructure, where the housing unit assisted will remain rental housing (leased) for 36 months or greater; and for the acquisition and rehabilitation of existing housing. HOME funds will be awarded as HOME CHDO funds in the case where a state designated Community Housing Development Organization (CHDO) holds ownership and/or has controlling interest in the project.

Both NAHTF and HOME funds will be provided as a grant to the local or regional housing nonprofit 501(c)(3) or 501(c)(4); public housing authority; or unit of general local government.

Review Criteria for Rental Housing:

See “Section C. NAHP Housing Application Annual Cycle Review Criteria” for more information on the New Construction, Acquisition or Rehabilitation Rental Housing (excluding LIHTC projects) review criteria.

See “Section F. Combined LIHTC/HOME Annual LIHTC Application Cycle Review Criteria” for more information on applying for projects with DED funds combined with Low-income Housing Tax Credits. In addition, CRANE projects, that include Low-income Housing Tax Credits, are eligible and are awarded on a first-ready, first served basis as defined in the NIFA LIHTC Qualified Allocation Plan (QAP).

Additional Information on the scoring process and other assistance to applicants will be provided in the 2013 DED Affordable Housing Program Application Guidelines.

■ ■ ■ HOMEBUYER PROGRAMS ■ ■ ■

Homebuyer Programs – NAHTF and HOME funds will be available for activities to assist homebuyers.

The NAHP Annual Cycle application cycle for Homebuyer projects will be considered for NAHTF and HOME funds.

HOME Funds - available to eligible local governments, local or regionally-based nonprofit 501(c)(3) or 501(c)(4) housing organizations (including reservation-based non-profit organizations), and public housing authorities to:

- (1) Provide down payment and closing cost assistance for existing and new homes.
- (2) Purchase, Rehabilitation, and Resale which includes acquisition, rehabilitation and development subsidy/down payment assistance/closing cost assistance.
- (3) New construction of homes, which may include land acquisition, infrastructure, and development subsidy/down payment assistance/closing cost assistance.
- (4) Acquisition/Rehabilitation, which includes assisting the homebuyer to acquire the home and rehabilitation of the home to meet standards within 6 months of occupancy.

HOME funds may be awarded as HOME CHDO funds in the case where a State designated Community Housing Development Organization (CHDO) holds title to the property at a designated point during the project for the following activities:

- (1) New construction of homes, including land acquisition, development subsidy and/or down payment assistance, and
- (2) Purchase, rehabilitation, and resale which includes acquisition, development subsidy and/or down payment assistance.

NAHTF Funds- available to eligible local governments, local or regionally-based nonprofit 501(c)(3) or 501(c)(4) housing organizations (including reservation-based non-profit organizations), and public housing authorities. Proposals may include any of the following activities:

- (1) Provide down payment and closing cost assistance for existing or new homes.
- (2) Purchase, Rehabilitation, and Resale which includes acquisition, development subsidy and/or down payment assistance.
- (3) New construction of homes, which includes land acquisition, infrastructure, development subsidy and/or down payment assistance.
- (4) Acquisition/Rehabilitation, which includes assisting the homebuyer to acquire the home and rehabilitation of the home to meet standards within 6 months of occupancy.

Review criteria for homebuyer programs:

See “Section C. NAHP Housing Application Annual Cycle Review Criteria” for additional information on the homebuyer programs review criteria.

Additional Information on the scoring process and other assistance to applicants will be provided in the 2013 DED Affordable Housing Program Application Guidelines.

■ ■ ■ OWNER-OCCUPIED REHABILITATION PROGRAMS ■ ■ ■

Owner-Occupied Rehabilitation Programs – CDBG, HOME, and NAHTF funds will be available to local governments, non-profits, and public housing agencies to administer owner-occupied rehabilitation programs.

A CDBG Owner Occupied Rehabilitation Cycle will be available to units of general local government for CDBG funds.

HOME and NAHTF funds will be available within the Annual Cycle application process and be available to eligible entities for owner-occupied rehabilitation projects. NDED reserves the right to limit the amount of funds awarded for owner-occupied rehabilitation programs.

CDBG Funds - available to units of general local government to implement owner-occupied rehabilitation programs.

HOME Funds -- available to eligible local units of government, local or regionally-based nonprofit 501(c)(3) or 501(c)(4) housing organizations (including reservation-based non-profit organizations), and public housing authorities to implement owner-occupied rehabilitation programs.

NAHTF Funds – available to local units of government, local or regionally-based nonprofit 501(c)(3) or 501(c)(4) housing organizations (including reservation-based non-profit organizations), and public housing authorities to implement owner-occupied rehabilitation programs.

Review criteria for owner-occupied rehabilitation housing:

See also “Section D. NAHP CDBG Owner-Occupied Rehabilitation Cycle Review Criteria” regarding the Housing projects using CDBG.

See “Section C. NAHP Housing Application Annual Cycle Review Criteria” for additional information on the HOME and NAHTF owner occupied rehabilitation programs review criteria.

Additional Information on the scoring process and other assistance to applicants will be provided in the 2013 DED Affordable Housing Program Application Guidelines.

■ ■ ■ NON-PROFIT OPERATING ASSISTANCE – HOUSING ■ ■ ■

NAHTF funds will be available for organizational operating expenses for eligible non-profits, including State-designated Community Housing Development Organizations (CHDOs). *Ongoing rental project operating expenses are not eligible for these funds.*

NAHTF Funds – available to local, regional, and reservation-based nonprofit 501(c)(3) and 501(c)(4) housing organizations and State-designated Community Housing Development Organizations (CHDOs). *Ongoing rental project operating expenses are not eligible for these funds.*

The primary purpose of the funds is to increase and maintain the capacity of an organization to produce affordable housing. NAHTF funds will be provided as a grant to the nonprofit 501(c)(3) or 501(c)(4). State-designated Community Housing Development Organizations (CHDO's) can access NAHTF or HOME funds for operating costs as eligible nonprofit 501(c)(3) and 501(c)(4) organizations.

NAHTF funds will be available within the Annual Cycle application cycle for operating assistance. HOME CHDO operating funds may also be available for CHDO's planning on undertaking housing development projects within the next 2 years in order to meet the Department's regulatory requirement of providing 15 percent of the State's HOME allocation to State-designated CHDOs.

Review criteria for non-profit operating assistance -housing:

See “Section C. NAHP Housing Application Annual Cycle Review Criteria” for additional information on the NAHTF Non-profit Operating Assistance review criteria.

Additional Information on the scoring process and other assistance to applicants will be provided in the 2013 DED Affordable Housing Program Application Guidelines.

■ ■ ■ OTHER ELIGIBLE ACTIVITIES ■ ■ ■

NAHTF funds are available to eligible entities and for eligible activities as defined in the Nebraska Affordable Housing Act [Sections 58-701 to 58-711].

C. NAHP Housing Application Annual Cycle Review Criteria

Homebuyer assistance programs, Owner-occupied rehabilitation programs, Non-profit operating assistance, and Rental property assistance applications

The application deadlines and review process will be consistent for all project-specific activities and consistent for all non-profit operating assistance activities.

Separate chapters within the Application Guidelines will pertain to four housing categories which include: the Homebuyer Program, Owner-Occupied Rehabilitation, the Rental Program, and Non-profit Operating Assistance.

Project-specific applications for the Homebuyer Program, Owner-Occupied Rehabilitation, and Rental projects will be scored in a single pool of applications within the Annual Cycle application process.

Non-profit Operating Assistance applications will be scored in a separate pool of applications during the Annual Cycle application process.

For each of the two project-specific housing categories related to the Homebuyer Program and Owner-Occupied Rehabilitation, specific application questions will be developed within the 2013 Application Guidelines. In general, these chapters will have two scoring sections that include: I.) Demonstrates Desired Results and II.) Probability of Producing Desired Results. The Demonstrates Desired Results section includes: a) Pre-Application; b) Threshold Questions; c) Program Guidelines and Reuse Plan; and d) Program Guidelines Additional Points. The Probability of Producing Desired Results section will have questions regarding Capacity and Feasibility.

For the project-specific housing category related to Rental, specific application questions will be developed within the 2013 Application Guidelines. In general, this chapter will have two scoring sections that include: I.) Demonstrates Desired Results and II.) Probability of Producing Desired Results. The Demonstrates Desired Results section includes: a) Pre-Application; b) Threshold Questions; c) Project Design and Pro Forma & Project Design Spreadsheets; and d) Project Design Additional Points. The Probability of Producing Desired Results section will have questions regarding Capacity and Feasibility.

The total points available for any given application will be 300 points for the project-specific applications for the Homebuyer Program, Owner-Occupied Rehabilitation, and Rental projects. Applicants are required to obtain a minimum score of 55 points within the Pre-Application and Threshold Questions sections, and must meet all the threshold requirements, in order to be scored and considered for an award recommendation. In addition, failure of

the Applicant to score 130 total points on the application will result in the Application not being funded during the 2013 NAHP Cycle.

Application Guidelines for the Non-profit Operating Assistance Chapter will have two scoring sections that include: I.) Demonstrates Desired Results and II.) Probability of Producing Desired Results. The Demonstrates Desired Results section includes: a) Pre-Application; and b) Threshold Questions. The Probability of Producing Desired Results section will have questions regarding Capacity and Feasibility.

The total points available for any given application will be 155 points for the Non-Profit Operating Assistance applications. Applicants are required to obtain a minimum score of 55 points within the Pre-Application and Threshold Questions sections, and must meet all the threshold requirements, in order to be scored and considered for an award recommendation. In addition, failure of the Applicant to score 50% of the total points on the application will result in the Application not being funded during the 2013 NAHP Cycle.

Below is a summary of the general scoring sections within the project-specific housing Chapters (Homebuyer, Owner Occupied Rehab, and Rental) and the Non-profit Operating Assistance Chapter. Specific details regarding the Annual Cycle application process, including the complete set of questions and requirements for each application, will be made available to applicants in December 2012 within the 2013 NAHP Housing Application Guidelines.

Selection Criteria Matrix for the Homebuyer Program			
Characteristic	Criteria	Points Possible	Points Awarded
I. Demonstrates Desired Results			
	a) Pre-Application	5	
	b) Threshold Questions	50	
	c) Program Guidelines and Reuse Plan	35	
	d) Program Guidelines Additional Points	40	
Demonstrates Desired Results Total	Possible Points	130	
II. Probability of Producing Desired Results			
	a) Capacity & Feasibility	170	
Probability of Producing Desired Results Total	Possible Points	170	
Demonstrates Desired Results Total + Probability of Producing Desired Results Total	Total Possible Points	300	

Selection Criteria Matrix for the OOR Program			
Characteristic	Criteria	Points Possible	Points Awarded
I. Demonstrates Desired Results			
	a) Pre-Application	5	
	b) Threshold Questions	50	
	c) Program Guidelines and Reuse Plan	36	
	d) Program Guidelines Additional Points	30	
Demonstrates Desired Results Total	Possible Points	121	
II. Probability of Producing Desired Results			
	a) Capacity & Feasibility	179	
Probability of Producing Desired Results Total	Possible Points	170	
Demonstrates Desired Results Total + Probability of Producing Desired Results Total	Total Possible Points	300	

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

Selection Criteria Matrix for the Rental Program			
Characteristic	Criteria	Points Possible	Points Awarded
I. Demonstrates Desired Results			
	a) Pre-Application	5	
	b) Threshold Questions	50	
	c) Project Design and Pro Forma & Project Design Spreadsheets	55	
	d) Project Design Additional Points	20	
Demonstrates Desired Results Total	Possible Points	130	
II. Probability of Producing Desired Results			
	a) Capacity & Feasibility	170	
Probability of Producing Desired Results Total	Possible Points	170	
Demonstrates Desired Results Total + Probability of Producing Desired Results Total	Total Possible Points	300	

The following threshold questions will be in the Homebuyer Program, Owner Occupied Rehabilitation, and Rental Chapters of the Application Guidelines for the Annual Cycle:

(1) Was the Pre-Application (including Part I, Part II, Part III, and One Page Project Summary) submitted to DED by the required due date?	<input type="checkbox"/> Yes 5 pts	<input type="checkbox"/> No 0 pts	
(2) Is the Applicant an eligible applicant as defined in the Homebuyer Program, OOR, or Rental Chapter of the Application Guidelines which includes: Local or regional non-profit 501(c)(3) or 501(c)(4) housing or related service organizations; Units of general local government; Public Housing Authorities; State-designated Community Housing Development Organizations (CHDO)?	<input type="checkbox"/> Yes 10 pts	<input type="checkbox"/> No 0 pts	
(3) Applicant has achieved the required percentages by the application due date, of State CDBG funds drawn down for prior State CDBG projects. All CDBG awards will be reviewed including those within the housing program (this requirement excludes Comprehensive Revitalization, Downtown Revitalization, Economic Development, Planning, and Tourism Development).	<input type="checkbox"/> Yes 10 pts	<input type="checkbox"/> No 0 pts	<input type="checkbox"/> NA 10 pts

<p>CDBG 2011 Award Drawn Down 90% CDBG 2010 & Prior Award Drawn Down 100%</p> <p><i>The percentage for funds drawn down shall be figured by DED based on the final application acceptance date, except for applicants awarded funds after the initial award date in which funds drawn down shall be based on the proportionate number of months that have lapsed since the initial grant award.</i></p> <p><i>(Exhibit 101)</i></p>			
<p>(4) Applicant has achieved the required percentages, by the application due date, of State HOME and NAHTF funds drawn down for prior NAHP-funded Housing projects for the same activity applied for during the 2013 Application Cycle.</p> <p>Open HOME and NAHTF Awards: All projects, for the same activity applied for, that have been open for more than 18 months since Release of Funds must have expended 50% of the funds.</p> <p>2008 & Prior HOME and NAHTF Awards 100% drawn down</p> <p><i>(Exhibit 101)</i></p>	<input type="checkbox"/> Yes 10 pts	<input type="checkbox"/> No 0 pts	<input type="checkbox"/> NA 10 pts
<p>(5) Applicant has achieved the required percentages, by the application due date, of State HOME and NAHTF funds drawn down for any prior NAHP-funded Housing project for a different housing activity.</p> <p>Open HOME and NAHTF Awards: All projects, for different housing activities, that have been open for more than 18 months since Release of Funds must have expended 25% of the funds.</p> <p>2008 & Prior HOME and NAHTF Awards 100% drawn down.</p> <p><i>(Exhibit 101)</i></p>	<input type="checkbox"/> Yes 10 pts	<input type="checkbox"/> No 0 pts	<input type="checkbox"/> NA 10 pts
<p>(6) Was the full application (including all required exhibits and attachments) submitted to DED by the required due date?</p>	<input type="checkbox"/> Yes 10 pts	<input type="checkbox"/> No 0 pts	
<p>TOTAL POINTS POSSIBLE (Pre-Application and Threshold Questions)– 55 points</p> <p>*Failure of the Application to meet all of the threshold requirements (Pre-Application & Threshold Questions) will result in the Application not being funded during the 2013 NAHP Cycle.</p>			

Failure of the Application to meet all of the threshold requirements (Scoring 55 points within the Pre-Application & Threshold Questions Sections) will result in the Application not being funded during the 2013 NAHP Cycles.

The Probability of Producing Desired Results Section will include questions that relate to the feasibility of the project; the capacity of the applicant and administrator to complete a quality project in a timely manner; and the development of effective Program Guidelines/Project Design for the project.

Questions may include, but would not be limited to: a community's need for the project; whether the project is located within a region with community development and employment opportunities; whether the project has additional financial commitments and significant collaboration; and whether project costs are appropriate. In addition, the Program Guidelines (or Project Design for rental projects) will be evaluated and scored with points being designated to the various Program Guideline requirements and to various project design incentives that aim at improving the project for the benefit of the low income applicant.

The final questions developed will be made available within the 2013 NAHP Application Guidelines that will be available in December 2012.

Non-profit Operating Assistance Review Criteria Summary

Non-profit Operating Assistance applications will be scored in a separate pool of applications during the Annual Cycle application process.

Application Guidelines for the Non-profit Operating Assistance Chapter will have two scoring sections that include: I.) Demonstrates Desired Results and II.) Probability of Producing Desired Results. The Demonstrates Desired Results section includes: a) Pre-Application; and b) Threshold Questions. The Probability of Producing Desired Results section will have questions regarding Capacity and Feasibility.

The Selection Criteria Matrix below has been developed which provides for two sections for scoring within each application and includes: I. Demonstrates Desired Results and II. Probability of Producing Desired Results. The Matrix notes that there are 55 possible points in the first section and 100 possible points available in the second section.

The total points available for any given application will be 155 points for the Non-Profit Operating Assistance applications. Applicants are required to obtain a minimum score of 55 points within the Pre-Application and Threshold Questions sections, and must meet all the threshold requirements, in order to be scored and considered for an award recommendation. In addition, failure of the Applicant to score 50% of the total points on the application will result in the Application not being funded during the 2013 NAHP Cycle.

Selection Criteria Matrix for Non-Profit Operating Assistance			
Characteristic	Criteria	Points Possible	Points Awarded
I. Demonstrates Desired Results			
	a) Pre-Application	5	
	b) Threshold Questions	50	
Demonstrates Desired Results Total	Possible Points	55	
II. Probability of Producing Desired Results			
	a) Capacity & Feasibility	100	
Probability of Producing Desired Results Total	Possible Points	100	
Demonstrates Desired Results Total + Probability of Producing Desired Results Total	Total Possible Points	155	

The following threshold questions will be in the Non-profit Operating Assistance Chapter of the Application Guidelines:

(1) Was the Pre-Application (including Part I, Part II, Part III, and One Page Project Summary) submitted to DED by the required due date?	<input type="checkbox"/> Yes 5 pts	<input type="checkbox"/> No 0 pts	
(2) Is the Applicant an eligible applicant as defined in the Homebuyer Program, OOR, or Rental Chapter of the Application Guidelines which includes: Local or regional non-profit 501(c)(3) or 501(c)(4) housing or related service organizations; Units of general local government; Public Housing Authorities; State-designated Community Housing Development Organizations (CHDO)?	<input type="checkbox"/> Yes 10 pts	<input type="checkbox"/> No 0 pts	
(3) Applicant has achieved the required percentages by the application due date, of State CDBG funds drawn down for prior State CDBG projects. All CDBG awards will be reviewed including those within the housing program (this requirement excludes Comprehensive Revitalization, Downtown Revitalization, Economic Development, Planning, and Tourism Development). CDBG 2011 Award Drawn Down 90% CDBG 2010 & Prior Award Drawn Down 100% <i>The percentage for funds drawn down shall be figured by DED based on the final application acceptance date, except for applicants</i>	<input type="checkbox"/> Yes 10 pts	<input type="checkbox"/> No 0 pts	<input type="checkbox"/> NA 10 pts

<p><i>awarded funds after the initial award date in which funds drawn down shall be based on the proportionate number of months that have lapsed since the initial grant award.</i></p> <p><i>(Exhibit 101)</i></p>			
<p>(4) Applicant has achieved the required percentages, by the application due date, of State HOME and NAHTF funds drawn down for prior NAHP-funded Housing projects for the same activity applied for during the 2013 Application Cycle.</p> <p>Open HOME and NAHTF Awards: All projects, for the same activity applied for, that have been open for more than 18 months since Release of Funds must have expended 50% of the funds.</p> <p>2008 & Prior HOME and NAHTF Awards 100% drawn down</p> <p><i>(Exhibit 101)</i></p>	<input type="checkbox"/> Yes 10 pts	<input type="checkbox"/> No 0 pts	<input type="checkbox"/> NA 10 pts
<p>(5) Applicant has achieved the required percentages, by the application due date, of State HOME and NAHTF funds drawn down for any prior NAHP-funded Housing project for a different housing activity.</p> <p>Open HOME and NAHTF Awards: All projects, for different housing activities, that have been open for more than 18 months since Release of Funds must have expended 25% of the funds.</p> <p>2008 & Prior HOME and NAHTF Awards 100% drawn down.</p> <p><i>(Exhibit 101)</i></p>	<input type="checkbox"/> Yes 10 pts	<input type="checkbox"/> No 0 pts	<input type="checkbox"/> NA 10 pts
<p>(6) Was the full application (including all required exhibits and attachments) submitted to DED by the required due date?</p>	<input type="checkbox"/> Yes 10 pts	<input type="checkbox"/> No 0 pts	
<p>TOTAL POINTS POSSIBLE (Pre-Application and Threshold Questions)– 55 points</p> <p>*Failure of the Application to meet all of the threshold requirements (Pre-Application & Threshold Questions) will result in the Application not being funded during the 2013 NAHP Cycle.</p>			

The Probability of Producing Desired Results Section will include questions that relate to the feasibility of the project and the capacity of the applicant and administrator to complete program operations and their projects in an efficient and effective manner.

The final questions developed will be made available within the 2013 NAHP Application Guidelines that will be available in December 2012.

D. NAHP CDBG Owner-Occupied Rehabilitation Cycle Review Criteria

CDBG owner-occupied rehabilitation projects will be funded within a separate CDBG Owner-Occupied Rehabilitation Cycle. This CDBG cycle is only available for applicants that are CDBG eligible units of general local government.

For the CDBG Owner-Occupied Rehabilitation (OOR) Chapter, specific application questions will be developed within the 2013 Application Guidelines. In general, the OOR section will include a section for Demonstrates Desired Results and a section for Probability of Producing Desired Results. The Demonstrates Desired Results section will include: a) Pre-Application; b) Threshold Questions; c) Program Guidelines and Reuse Plan; and d) Program Guidelines Additional Points. The Probability of Producing Desired Results section will include: a) Capacity & Feasibility. In addition, a third section, which is unique to the CDBG OOR Chapter includes a section on Community Need Factors (CNF). The CNF score will be calculated for each applicant. This CNF score will be added to the total application score within the CDBG OOR Cycle.

The total points available for any given application will be 380 points. Applicants are required to obtain a minimum score of 55 points within the Pre-Application and Threshold Questions sections, and must meet all the threshold requirements, in order to be scored and considered for an award recommendation. In addition, failure of the Applicant to score 130 total points on the application will result in the Application not being funded during the 2013 CDBG OOR Cycle.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

The Selection Criteria Matrix below has been developed which provides for three sections for scoring within each application and includes I) Demonstrated Desired Results, II) Probability of Producing Desired Results, and III) Community Need Factors.

Selection Criteria Matrix for the CDBG OOR Chapter			
Characteristic	Criteria	Points Possible	Points Awarded
I. Demonstrates Desired Results			
	a) Pre-Application	5	
	b) Threshold Questions	50	
	c) Program Guidelines and Reuse Plan	36	
	d) Program Guidelines Additional Points	30	
Demonstrates Desired Results Total	Possible Points	121	
II. Probability of Producing Desired Results			
	a) Capacity & Feasibility	179	
Probability of Producing Desired Results Total	Possible Points	170	
III. Community Need Factors	a) CNF Score	80	
	Possible Points	80	
Demonstrates Desired Results Total + Probability Total + CNF Total	Total Possible Points	380	

The following threshold questions will be in the CDBG Owner Occupied Rehabilitation Chapter of the Application Guidelines:

(1) Was the Pre-Application (including Part I, Part II, Part III, and One Page Project Summary) submitted to DED by the required due date?	<input type="checkbox"/> Yes 5 pts	<input type="checkbox"/> No 0 pts	
(2) Is the Applicant an eligible applicant as defined as a unit of general local government classified as a municipality (i.e. City or Village)?	<input type="checkbox"/> Yes 10 pts	<input type="checkbox"/> No 0 pts	
(3) Applicant has achieved the required percentages by the application due date, of State CDBG funds drawn down for prior State CDBG projects. All CDBG awards will be reviewed including those within the housing program (this requirement excludes Comprehensive Revitalization, Downtown Revitalization, Economic Development, Planning, and Tourism Development).	<input type="checkbox"/> Yes 10 pts	<input type="checkbox"/> No 0 pts	<input type="checkbox"/> NA 10 pts

<p>CDBG 2011 Award Drawn Down 90% CDBG 2010 & Prior Award Drawn Down 100%</p> <p><i>The percentage for funds drawn down shall be figured by DED based on the final application acceptance date, except for applicants awarded funds after the initial award date in which funds drawn down shall be based on the proportionate number of months that have lapsed since the initial grant award.</i></p> <p><i>(Exhibit 101)</i></p>			
<p>(4) Applicant has achieved the required percentages, by the application due date, of State HOME and NAHTF funds drawn down for prior NAHP-funded Housing projects for the same activity applied for during the 2013 Application Cycle.</p> <p>Open HOME and NAHTF Awards: All projects, for the same activity applied for, that have been open for more than 18 months since Release of Funds must have expended 50% of the funds.</p> <p>2008 & Prior HOME and NAHTF Awards 100% drawn down</p> <p><i>(Exhibit 101)</i></p>	<input type="checkbox"/> Yes 10 pts	<input type="checkbox"/> No 0 pts	<input type="checkbox"/> NA 10 pts
<p>(5) Applicant has achieved the required percentages, by the application due date, of State HOME and NAHTF funds drawn down for any prior NAHP-funded Housing project for a different housing activity.</p> <p>Open HOME and NAHTF Awards: All projects, for different housing activities, that have been open for more than 18 months since Release of Funds must have expended 25% of the funds.</p> <p>2008 & Prior HOME and NAHTF Awards 100% drawn down.</p> <p><i>(Exhibit 101)</i></p>	<input type="checkbox"/> Yes 10 pts	<input type="checkbox"/> No 0 pts	<input type="checkbox"/> NA 10 pts
<p>(6) Was the full application (including all required exhibits and attachments) submitted to DED by the required due date?</p>	<input type="checkbox"/> Yes 10 pts	<input type="checkbox"/> No 0 pts	
<p>TOTAL POINTS POSSIBLE (Pre-Application and Threshold Questions)– 55 points</p> <p>*Failure of the Application to meet all of the threshold requirements (Pre-Application & Threshold Questions) will result in the Application not being funded during the 2013 NAHP Cycle.</p>			

Failure of the Application to meet all of the threshold requirements (Pre-Application & Threshold Questions) and scoring 55 points within the above mentioned section will result in the Application not being funded during the 2013 CDBG OOR Cycle.

The Probability of Producing Desired Results Section will include questions that relate to the feasibility of the project; the capacity of the applicant and administrator to complete a quality project in a timely manner; and the development of effective Program Guidelines for the project.

Questions may include, but would not be limited to: a community's need for the project; whether the project is located within a region with community development and employment opportunities; whether the project has additional financial commitments and significant collaboration; and whether project costs are appropriate. In addition, the Program Guidelines will be evaluated and scored with points being designated to the various Program Guideline requirements and to various project design incentives that aim at improving the project for the benefit of the low income applicant.

The final questions developed will be made available within the 2013 NAHP Application Guidelines that will be available in December 2012.

The final factor within the scoring criteria includes the Community Need Factors (CNF).

Community Need Factors that include scoring on four statistical factors (each valued at 0, 5, 10, 15, or 20 points) that measure the applicant's economic distress: (a) population change, based on the applicant's percent change in population from 1990 to the most current year for which the U.S. Bureau of the Census has reported a count or estimate compared to the statewide percent change in population; (b) income, based on the most recent estimate of per capita income for the applicant reported by the U.S. Bureau of the Census compared to the state per capita income; (c) unemployment, based on the most recent unemployment rate of the applicant's county reported by the Nebraska Department of Labor compared to the state average unemployment rate; and (d) retail sales change, based on the applicant's percent change in net taxable sales from 1990 to the most recent year reported by the Nebraska Department of Revenue compared to the state percent change in net taxable sales. With a maximum score of 20 points on each of the four factors, the maximum possible total CNF total score for an applicant is 80. CNF scoring based on the most current data as of writing were:

SCORING CATEGORIES FOR COMMUNITY NEED FACTORS

<u>Population Change, 1990 - 2010 (State Increased 15.7%)</u>		<u>2009 Per Capita Income as Percent of State Average</u>	
>=15.7%	0	>=100.0%	0
0.7% - 15.6%	5	90.0% to 99.9%	5
(14.2)% - 0.6%	10	80.0% to 89.9%	10
(29.1)% - (14.3)%	15	70.0% to 79.9%	15

<=(29.2)%	20	<=69.9%	20
-----------	----	---------	----

<u>2010 County Unemployment Rate as Percent of State Average</u>		<u>Net Taxable Sales Change, 1990 - 2010 (State Increased 115.5%)</u>	
<=100.0%	0	>=115.5%	0
100.1% to 133.3%	5	60.9% - 115.4%	5
133.4% to 166.6%	10	6.0% - 60.8%	10
167.7% to 199.9%	15	(48.5)% - 5.9%	15
>=200.0%	20	<=(48.6)%	20

Population Change. To receive any points in the population change category, an applicant must have a population increase less the statewide average percent increase. From 1990 to 2010, the state population increase was 15.7 percent. To receive the maximum of 20 points in this category, an applicant must have a decrease in population greater than that of the Nebraska County with the greatest percent decrease in population. From 1990 to 2010, Blaine County had the highest percent decrease at -29.2 percent.

Income. To receive any points in the income category, an applicant must have a per capita income less than the state average. In 2010, according to the U.S. Bureau of the Census, the state per capita income was \$25,229. To receive the maximum of 20 points in this category, an applicant must have a per capita income less than 70 percent of the state average.

Unemployment. To receive any points in the unemployment category, an applicant must be in a county with an unemployment rate greater than the state average. In 2010, the state unemployment rate was 4.2 percent. To receive the maximum of 20 points in this category, an applicant must be in a county with an unemployment rate at least double the state average.

Retail Sales Change. To receive any points in the retail sales category, an applicant must have an increase in net taxable sales less than the state percent increase. From 1990 to 2006, net taxable sales in the state increased 115.5 percent. To receive the maximum of 20 points in this category, an applicant must have a decrease in net taxable sales greater than that of the Nebraska county with the greatest percent decrease in net taxable sales. From 1990 to 2010, Blaine County had the highest decrease at -48.6 percent.

E. Program Income

Housing Program Income may be generated from various housing projects including those funded through CDBG, HOME, and NAHTF funds. The following guidance provides information on program income as it specifically pertains to CDBG, HOME, or NAHTF programs.

CDBG Housing Program Income

DED will allow units of general local government that actively use program income from the Housing Category to retain those funds for owner occupied rehabilitation, down payment assistance, or rental rehabilitation (or combination of one or more of those activities) as will be defined in the local government's revised reuse plan that will be required and approved by DED for the originally funded CDBG housing project. This revised reuse plan will replace the local government's current reuse plan that had previously been adopted for the project.

For purposes of this section related to Housing Program Income, any program income that has been received by a unit of local government from a previously funded CDBG housing project and has established an account for those CDBG funds with the purpose of reusing those funds for purposes of funding additional eligible CDBG housing activities, that fund will be considered to be a Revolving Loan Fund (RLF).

Any owner occupied rehabilitation, down payment assistance, and rental rehabilitation activities completed with program income must also be defined as an eligible housing activity under Title I of the Housing and Community Development Act of 1974 (as amended), and must meet a CDBG national objective.

The State previously implemented policies that allow local governments that actively use program income from the Housing Category to retain those funds. The State will continue to require local governments that have been inactive in using their program income from the Housing Category to return their program income to the State.

CDBG Housing Category program income, which the grantee has received or expects to receive as a result of grant activities, will be subject to the following provisions:

Timely Expenditure of Program Income

The State will use Program Income Reports submitted by local governments and/or other information obtained from local governments to determine if they have been active or inactive in using their program income from the Housing Category. This policy began with the 2008 Program Year and will continue in the current Program Year.

Local governments that have used their Housing Category program income from their RLF to fund at least one eligible housing project located in their community within the previous two year period, as noted within the Program Income Reports completed on June 30 and December 31 of the current year, will be considered active.

Local governments that have not used their Housing Category program income from their RLF to fund at least one eligible housing project located in their community within the previous two year period, as noted within the Program Income Reports completed on June 30 and December 31 of the current year, will be considered inactive.

For the State to consider a project to be funded, the governing body of the local government must take formal action to approve the specified amount of funds be committed for the project. Within ninety days of the governing body's formal action, a written agreement must be executed by all parties involved in the project. Unless there

are extenuating circumstances (which would have to be documented and justified to the State), the funds should be provided to the recipient within sixty days from the date the agreement was fully-executed by all parties. If the local government fails to meet these requirements, the RLF account will be considered inactive. If the Housing RLF has been determined by the State to be inactive, all program income must be returned to the State.

In no case shall a CDBG Housing RLF, or CDBG program income account, have a balance that exceeds \$750,000. Any amount in excess of \$750,000 shall be returned to the State.

Local CDBG Housing Revolving Loan Fund

In order to retain housing program income, grantees must provide DED with a written notice of intent to reuse program income for owner occupied rehabilitation, down payment assistance, or rental rehabilitation (or combination of those activities) and create a local CDBG Housing Revolving Loan Fund (RLF). This notice must be made within 90 calendar days from the date of the grantee's Notice of Approval letter. If the grantee's notice is not submitted to DED within the 90-day period, DED will require all program income be returned to the State. The Grantee must administer the Housing RLF locally and employ the services of a Nebraska CDBG Certified Administrator to administer the fund. The Grantee will adopt a local plan that includes a detailed description of the organization, including administration and priorities of the program income projects to be approved by the Grantee which are consistent with the definitions of the eligible activities of owner occupied rehabilitation, down payment assistance, and rental rehabilitation as noted above.

Grantee plans must include, but will not be limited to the following:

- Each unit of local of government who is retaining the RLF funds will comply with all applicable CDBG rules and regulations;
- Each unit of local of government understands that the RLF funds are federal and are subject to all applicable CDBG rules and regulations;
- Each unit of local government must complete the proper resolution, public hearing, and environmental review for each additional project funded through the RLF;
- Each unit of local government understands that funds must be used to significantly benefit the residents of the community that previously received the initial CDBG grant;
- Each unit of local government understands that RLF funds from a community cannot be provided to a regional housing program that would assist other communities.
- Each unit of local government understands that all projects will consist of housing activities that benefit low-to-moderate income persons;

- and Each unit of local government understands that all projects funded through the RLF must meet a CDBG National Objective.
- Each unit of local government understands that DED must approve this reuse plan.

Overall, DED must approve the unit of local government's reuse plan and any funds in a local CDBG Housing Revolving Loan Fund are federal and are subject to all applicable CDBG rules and regulations.

At any time, local governments will have the option to discontinue operating the local CDBG Housing Revolving Loan Fund and return the funds to the State. DED will apply the funds to the State CDBG Revolving Loan Fund.

Current Regional CDBG Housing Revolving Loan Funds

Due to the changes within the CDBG regulations, current, Regional CDBG Housing Revolving Loan Funds will no longer be permitted to assist communities throughout a given region. The CDBG Housing RLF Administrators who are currently operating these Regional Housing Revolving Loan Funds must work directly with the units of general local government who have previous Housing Program Income within these Regional RLFs to evaluate the best option for each community on what to do with their previous Housing Program Income that can no longer be utilized through a regional approach.

There are two options available for funds within these Regional Housing RLFs. They include:

1. Returning the funds to DED. Program income returned to the State will be committed to a statewide Economic Development revolving loan fund. When there are sufficient funds available in the revolving loan fund, these shall be distributed according to the requirements of Title I of the Community and Development Act of 1974 (as amended).
2. Depositing local funds into a Local CDBG Housing Revolving Loan Fund. The Regional RLF Administrator would be required to determine the amount of funds available to each unit of general local government from the Regional RLF in order for each community to be able to determine whether or not RLF funds should be returned to the State or whether those RLF funds should be deposited into an existing or newly created local CDBG Housing RLF. Each Local Housing RLF would be required to comply with the above mentioned requirements.

Additional CDBG Program Income Requirements

1. If the initial activity, which generates the program income, has not been completed prior to the first receipt of program income, all program income received must be applied to the current housing grant activity prior to requesting additional CDBG funds.
2. Miscellaneous program income generated by activities that do not meet the definitions of eligible housing activities (i.e. owner occupied rehab, down payment assistance, or

rental rehab) must be applied to an open CDBG grant prior to requesting additional CDBG funds, or returned to the State.

3. Grantees electing to retain program income are required to monitor and report the amount of program income recaptured to the State. Status updates concerning the outstanding housing loans shall be submitted on a semi-annual basis. The report may include, but is not limited to, loans made, payments received, proposed and actual LMI persons assisted, and amendments to the original loan agreement, as required by the DED.
4. All program income earned as a result of CDBG grant activities is subject to all requirements of Title I of the Community Development Act of 1974 (as amended) regardless of whether the original grant is open or closed when the program income is received. In addition, all program income expended from approved CDBG revolving loan funds is subject to all requirements of Title I of the Housing and Community Development Act. This includes all second and subsequent generation loans made from the revolving loan fund.
5. Program income returned to the State will be committed to a statewide Economic Development revolving loan fund. Program income received from all activities will be placed in the statewide economic development revolving loan fund. When there are sufficient funds available in the revolving loan fund, these shall be distributed according to the requirements of Title I of the Community and Development Act of 1974 (as amended).
6. Local governments that are currently operating a local CDBG Housing Revolving Loan Fund and choose to discontinue the operation of the local CDBG Housing Revolving Loan Fund can return the funds to DED.

Monitoring of current Local CDBG Housing Revolving Loan Funds

Beginning in 2013, the State will schedule monitoring visits with all local governments who have operated or continue to operate a CDBG Housing Revolving Loan Fund. The State will review loans for the 2011 and 2012 Program Years. The monitoring visits will be conducted either via desktop monitoring or onsite monitoring. The State will review local projects for compliance with all CDBG rules and regulations. Findings of non-compliance will result in the State taking appropriate corrective actions appropriate for the specific compliance issues discovered.

HOME Program Income

Program income, which the grantee has received or expects to receive as a result of grant activities, should be utilized and in conformance with the grantee's reuse plan as defined within the grantee's approved Program Guidelines for each HOME project.

In general, the Department continues to provide flexibility for housing organizations to use program income, particularly for projects that are funded through the HOME program. The guidance that the Department has provided in the past, and guidance that continues to be relevant today, is that for HOME program income (i.e. reuse funds) an organization must use

their program income for the same activities awarded within the original project, unless there are insufficient funds to complete the original activity, then it would be appropriate to use the program income for other housing related activities. This information would be noted within the Grantee's, Department approved, Reuse Plan.

For example, if the Department funds an Owner Occupied Rehab project, and program income is received, the Grantee should use the program income for additional OOR activities. If the program income funds are not sufficient to complete the OOR activity, then the Grantee may use the program income funds for other housing related activities as identified within the Grantee's Reuse Plan (i.e. down payment assistance, etc.).

NAHTF Program Income

Program income, which the grantee has received or expects to receive as a result of grant activities, should be utilized and in conformance with the grantee's reuse plan as defined within the grantee's approved Program Guidelines for each NAHTF project.

In general, the Department continues to provide flexibility for housing organizations to use program income, particularly for projects that are funded through the NAHTF program. The guidance that the Department has provided in the past, and guidance that continues to be relevant today, is that for NAHTF program income (i.e. reuse funds) an organization must use their program income for the same activities awarded within the original project, unless there are insufficient funds to complete the original activity, then it would be appropriate to use the program income for other housing related activities. This information would be noted within the Grantee's, Department approved, Reuse Plan.

For example, if the Department funds an Owner Occupied Rehab project, and program income is received, the Grantee should use the program income for additional OOR activities. If the program income funds are not sufficient to complete the OOR activity, then the Grantee may use the program income funds for other housing related activities as identified within the Grantee's Reuse Plan (i.e. down payment assistance, etc.).

F. Combined LIHTC/HOME Annual LIHTC Set-Aside Application Cycle Review Criteria

The 2013 HOME set-aside for Low-income Housing Tax Credit projects

The application deadlines and review process will be consistent with the 2013 Nebraska Investment Finance Authority (NIFA) Low-income Housing Tax Credit (LIHTC) Qualified Allocation Plan (QAP). The criteria and information within this section is proposed until final approval of the Qualified Allocation Plan which will be finalized in September 2013. Prior to the final Plan, an official public review and comment process will be completed in May and/or June of 2013.

Applications will be scored during NIFA's Round 1 and Round 2 application process, as well as throughout the year within NIFA's Collaborative Resource Allocation for Nebraska (CRANE) Process.

The highest scoring applications, that include HOME funds in the project and receive a LIHTC reservation, will receive consideration for a NAHP award. The remainder of the funds will be distributed according to the highest scoring applications that receive a LIHTC reservation first and that include HOME funds in the project. Applications will only receive full approval for an award after a reservation of Low-income Housing Tax Credits and the approval of the DED Director.

Generally, applications that meet threshold requirements and rank highest shall receive either a Notice of Award or a Notice of Conditional Award, subject to the amount of HOME funds available. DED reserves the right to fund or not fund applications based on the status of other federal and state funding sources involved in the project and conditional reservations of funds, the proposed project site, and long-term affordability period feasibility regardless of ranking. DED will determine the most appropriate funding source and amount for the proposed project or program. Nebraska Affordable Housing Program HOME/LIHTC set-aside applications will be ranked according to score.

Application review criteria are identified in the LIHTC/HOME application guidelines available in June of 2013. These criteria include information needed to do a thorough subsidy layering review in accordance with HOME requirements.

The LIHTC/HOME application guidelines include a scoring process that will allow the applicant to make a reasonable estimate of what their score will be prior to application submission. These guidelines are also subject to a full public review and comment period in coordination with the LIHTC QAP. In general, the scoring criteria will include the following:

- Guidelines for sustainable underwriting such as debt-credit ratio requirements, trending of income and expenses, and trending of specific expenses such as property management and reserve accounts
- Review of the capacity of key parties in the development and ownership of the project.
- Review of the costs of development including total project cost by bedroom-size, construction cost estimates, and project soft costs such as developer fee and other contingencies.
- Review legal instruments long-term project compliance such as the Land Use Restriction Act and partnership agreements.
- Review of fair housing and leasing practices such as tenant selection process, lease agreements and affirmative marketing.
- Review of the proposed distribution of project cash flow, income and reserve account funds.

DED may also award NAHTF funds to projects in order to meet the NAHTF 25% per Congressional District statutory requirement. These projects must complete the

HOME/LIHTC application process and meet the HOME rent, income, and site review requirements.

**G. Nebraska Affordable Housing Program (NAHTF, HOME, and CDBG)
DED Annual Cycle & CDBG Owner Occupied Rehab Cycle Information Summary**

Eligible Applicants within the Annual Cycle

Local or regional nonprofit 501(c)(3) or 501(c)(4) housing or related service organizations, local units of government, reservation-based non-profit organizations, and public housing authorities.

Eligible Applicants within the CDBG OOR Cycle

Units of general local government.

Please Note: Applicants with project applications that will be developed within the city of Omaha must apply to the City of Omaha for eligible HOME, NAHTF, and CDBG projects. Applicants within the District 2 legislative district, but outside the city limits of Omaha, would apply within the Annual Cycle and CDBG OOR Cycle.

Annual Cycle Application Process

Application Guidelines are posted on the Department's website to aid in the application process. Application Workshops will also be provided which include an informal presentation and discussion about the application process with interested applicants, application preparers, and the designated DED Housing Application Coordinator. Attendance is optional, but highly encouraged. Attending a workshop does not substitute for working closely with the applicant's Regional Representative throughout the application process.

During the Annual Cycle application process, applicants will also be required to submit a Pre-Application in order to show their interest in applying for funds. Applicants may also submit portions of the full application to their Regional Representative for additional feedback.

Full Applications must be postmarked by April 30, 2013, or delivered to the Nebraska State Office Bldg, 4th Floor with signed receipt from DED staff by 5:00 PM Central Time.

Late applications will not be accepted.

Once applications are reviewed and scored by the scoring team, the Department will determine which applicants will be invited to Contract Negotiations. If agreements are reached, and contract negotiation items are submitted to the Department, Award Letters will be sent out and contracts will be signed. Following this process, the applicants will submit documentation, as directed in the Contract, to obtain Release of Funds as defined within their contracts.

Annual Cycle Timeline

Date	Action	Location	Responsible Parties
12/31/2013	Application Guidelines are posted	www.neded.org	DED
1/15/2013	Application Workshop	Fremont Chamber of Commerce 605 N. Broad St. Fremont, NE 10:30 am-12:30 pm (CST)	DED, Applicant, and Application Preparer
1/22/2013	Application Workshop	Central Community College 3519 2 nd Ave. Kearney, NE 10am-12pm (CST)	DED, Applicant, and Application Preparer
1/23/2013	Application Workshop	West Central Community College 371 College Dr., Room 115 Sidney, NE 10am-12pm (MST)	DED, Applicant, and Application Preparer
1/25/2013	Application Workshop	State Office Building Dept. of Economic Development, 4 th Floor 301 Centennial Mall South Lincoln, NE 10am-12pm (CST) and Webinar	DED, Applicant, and Application Preparer
3/8/2013	Pre-Application & Threshold Items for Annual Cycle Apps received by email or hard copy by 5:00 PM CT in the Lincoln DED Office, 4 th Floor.	Lincoln DED Office Attn: Anissa Rasmussen (anissa.rasmussen@nebraska.gov)	Applicant
April 30, 2013	Full Application must be postmarked by, or delivered to the Nebraska State Office Bldg, 4th Floor with signed receipt from DED staff by 5:00PM CT.	Lincoln DED Office	Applicant
June 2013	Contract Negotiations	TBD	DED, Applicant, and Application Preparer
July 2013	Award Letters distributed	TBD	DED

CDBG OOR Application Process

Application Guidelines are posted on the Department's website to aid in the application process. Application Workshops will also be provided which include an informal presentation and discussion about the application process with interested applicants, application preparers, and the designated DED Housing Application Coordinator. Attendance is optional, but highly encouraged. Attending a workshop does not substitute for working closely with the applicant's Regional Representative throughout the application process.

During the CDBG OOR application cycle, applicants will also be required to submit a Pre-Application in order to show their interest in applying for funds, and to receive feedback from their Regional Representative. Applicants may also submit portions of the full application to their Regional Representative for additional feedback.

Full Applications must be postmarked by July 19, 2013, or delivered to the Nebraska State Office Bldg, 4th Floor with signed receipt from DED staff by 5:00 PM Central Time.

Late applications will not be accepted.

Once applications are reviewed and scored by the scoring team, the Department will determine which applicants will be invited to Contract Negotiations. If agreements are reached, and contract negotiation items are submitted to the Department, Award Letters will be sent out and contracts will be signed. Following this process, the applicants will submit documentation, as directed in the Contract, to obtain Release of Funds as defined within their contracts.

CDBG Owner Occupied Rehabilitation Timeline

Date	Action	Location	Responsible Parties
12/31/2012	Application Guidelines are posted	www.neded.org	DED
3/5/2013	Application Workshop	State Office Building Dept. of Economic Development, 4 th Floor 301 Centennial Mall South Lincoln, NE 10am-12pm (CST) and Webinar	DED, Applicant, and Application Preparer
5/31/2013	Pre-Application & Threshold Items for CDBG OOR Cycle Apps received by email or hard copy by 5:00 PM CT in the Lincoln DED Office, 4 th Floor.	Lincoln DED Office Attn: Anissa Rasmussen (anissa.rasmussen@nebraska.gov)	Applicant
July 19, 2013	Full Application must be postmarked by, or delivered to the Nebraska State Office Bldg, 4th Floor with signed receipt from DED staff by 5:00PM CT.	Lincoln DED Office	Applicant
9/28/2013	Award Letters distributed	TBD	DED
Oct. 2013	Contract Negotiations	TBD	DED, Applicant, and Application Preparer

H. 2013 Nebraska Affordable Housing Program Allocation of Funds Process

Step 1: Determine the amount of funds available for award.

Funding Source	HOME	NAHTF	CDBG	TOTAL
Amount (less NDED admin)	\$2,700,000	\$6,000,000	\$1,900,000	\$10,600,000

Due to HOME, NAHTF, and CDBG funds being significantly less than previous years, the proposed allocation is to provide Nebraska Affordable Housing Program funds for: (1) a set-aside to the City of Omaha in order to meet the 25% per Congressional District statutory requirement, (2) a competitive housing application cycle (Annual Cycle), and (3) a CDBG Owner Occupied Rehabilitation Cycle.

Any additional HOME funds that would result in an increase to the above mentioned allocation would result in additional funds being made available within the Annual Cycle application process. See also Step 7 for more information.

Step 2: NDED priority for CDBG housing projects.

The Department will reserve \$1,900,000 in CDBG funds for owner occupied rehabilitation programs, to be awarded in a statewide application pool as part of the CDBG Owner-Occupied Rehabilitation Cycle of the NAHP Housing Application Cycle. The CDBG housing application cycle is separate from the Annual Cycle housing application process and is only available to eligible units of general local government that meet the requirements of the CDBG program. **Pre-applications and Threshold Items are due May 31, 2013. Full applications will be due July 19, 2013.** Application Guidelines for the CDBG OOR Cycle will be available on DED's website in December 2012.

Step 3: Leverage private and public resources with NDED NAHP funds.

\$1,700,000 of HOME and NAHTF funds are reserved for projects with Low-Income Housing Tax Credit equity as a funding source and are applying within NIFA's Round 1, Round 2, or CRANE Application Cycles. This application is only available to applicants that are also requesting (but have not received) an allocation of Low-income Housing Tax Credits (LIHTC).

These projects must complete the HOME/LIHTC application process and meet the HOME rent, income, environmental review, and site review requirements as defined in the NIFA Qualified Action Plan. DED may also award NAHTF funds to projects in order to meet the NAHTF 25% per Congressional District statutory requirement.

Step 4: The regulatory requirement to award at least 15 percent of the HOME allocation to CHDOs for CHDO-eligible activities.

\$450,000 in HOME funds for Community Housing Development Organization (CHDO) projects and CHDO operating funds are reserved for State designated CHDO's who are actively working on a DED, HOME funded, development project within the next two years. These CHDO funds, and additional HOME and NAHTF, are available within the competitive Annual Cycle application process.

Step 5: The Department requirement to award a minimum of 25% of the NAHTF to each Congressional District.

DED will partially meet this statutory requirement in Congressional District 2, by reserving \$1,500,000 of NAHTF funds for the City of Omaha for all NAHTF eligible activities, which may include Low-income Housing Tax Credit projects. A minimum of 10% of the funds must be used for administration costs. The City of Omaha must agree to meet some minimum NDED standards including a commitment to provide reasonable developer fees

and/or operating costs to non-profit developers and affordable housing providers within the city of Omaha.

The City of Omaha's Housing and Community Development Annual Action Plan, developed for the U.S. Department of Housing and Urban Development, will provide information on the City's housing priorities and proposals for expending the set-aside funds. Once the Plan is finalized, applicants will submit applications to the City of Omaha that meet all DED thresholds and criteria for funding. The plan for use of funds must be completed no later than June 30, 2013 and the funds must be committed to specific projects no later than June 30, 2014.

Communities and eligible organizations

DED will designate a minimum of \$1,500,000 in NAHTF funds for recommended projects within District 1 and designate a minimum of \$1,500,000 in NAHTF funds for recommended projects within District 3 during the Annual Cycle application process in order to meet the Affordable Housing Trust Fund statutory requirements. The remaining 25% of NAHTF funds available will be available within the Annual Cycle application process.

Step 6: DED Priority for non-profit operating assistance to eligible entities.

\$360,000 in NAHTF funds of the NAHP allocation will be available within DED's Annual Cycle housing application process for non-profit operating assistance. **Pre-applications are due March 8, 2013. Full applications will be due April 30, 2013.** Application Guidelines for the Annual Cycle will be available on DED's website in December 2012.

Grants for operating assistance will be available to eligible applicants for \$60,000 for a two-year period (\$30,000 per year). All applications for operating assistance will be scored during the Annual Cycle application process in a separate pool of operating assistance applications. All funds not awarded for operating assistance projects will be made available within the Annual Cycle application process for other eligible projects.

Step 7: DED Priority for housing projects throughout the state.

\$5,140,000 (including NAHTF and HOME funds) of the NAHP allocation will be available within DED's Annual Cycle housing application process for rental projects, homebuyer projects, and non-CDBG owner-occupied rehabilitation projects. **Pre-applications are due March 8, 2013. Full applications will be due April 30, 2013.** Application Guidelines for the Annual Cycle will be available on DED's website in December 2012.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

The Annual Cycle application process includes first recommending for award the highest scoring project in each of the four Investment Zones. The Zones include the following:

Western Nebraska	Panhandle (NAHTF region 1) and Southwest (NAHTF region 3)
Central Nebraska	North Central (NAHTF region 2) and South Central (NAHTF region 4)
Northeast Nebraska	Northeast (NAHTF region 5)
Southeast Nebraska	Southeast (NAHTF region 6) and Lincoln (NAHTF region 8)
See also Exhibit 1 for a map of the regional Investment Zone boundaries.	

After the highest scoring project in each Investment Zone has been designated, the remaining funds will be available statewide to applicants, regardless of Investment Zone, through the Annual Cycle application process. These applications will be scored and ranked statewide, with the highest scoring projects being recommended in the order that they are ranked. Either HOME or NAHTF funds may be awarded to eligible applicants. DED reserves the right to fund or not fund applications based on the status of other federal and state funding sources involved in the project and conditional reservations of funds, regardless of ranking.

CDBG funds recaptured from Housing Category grantees may be redistributed for housing activities in either the Comprehensive Revitalization Category or Comprehensive Investment & Stabilization Category. In addition, funds recaptured (de-obligated) from HOME and NAHTF grantees may also be redistributed for housing activities in the Comprehensive Revitalization and Comprehensive Investment & Stabilization. See also Section 2-10 and 2-11 for more information on this topic.

Exhibit 1

2013 Nebraska Affordable Housing Trust Fund Regions

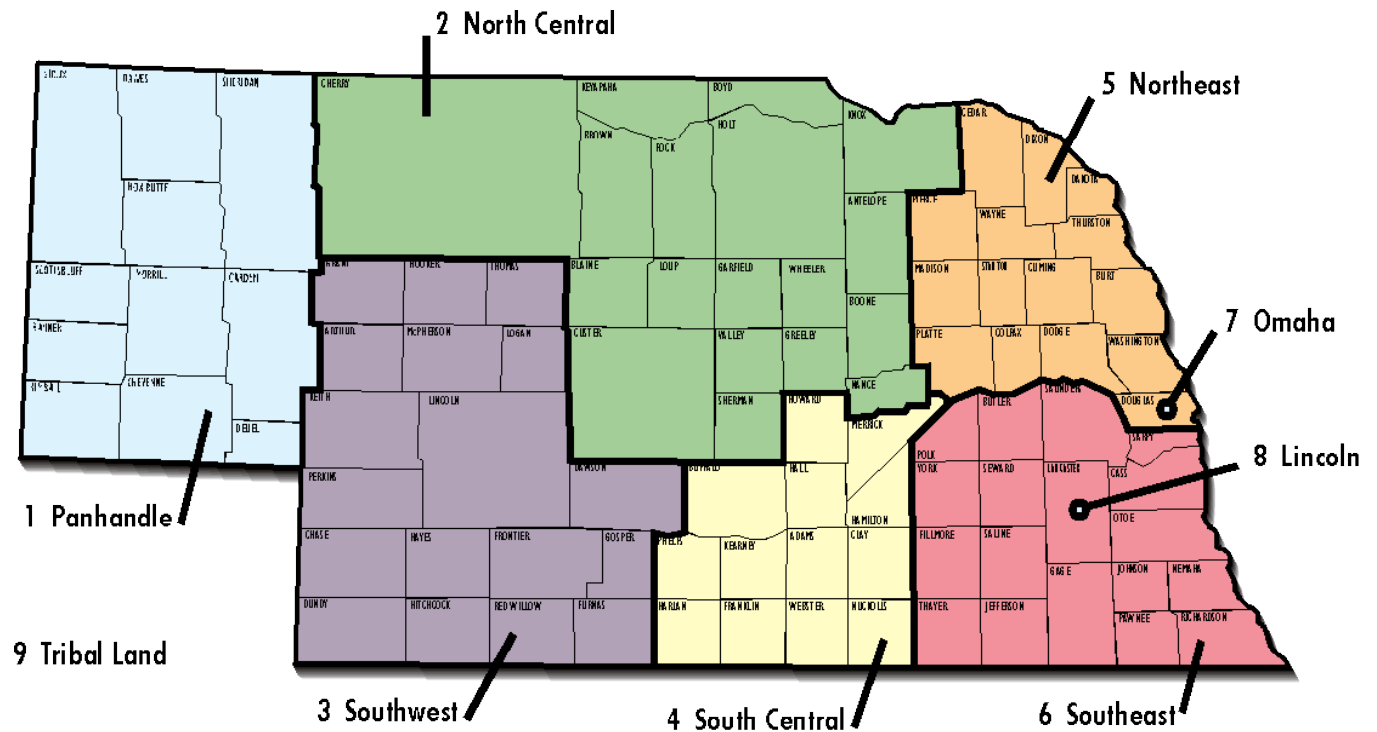
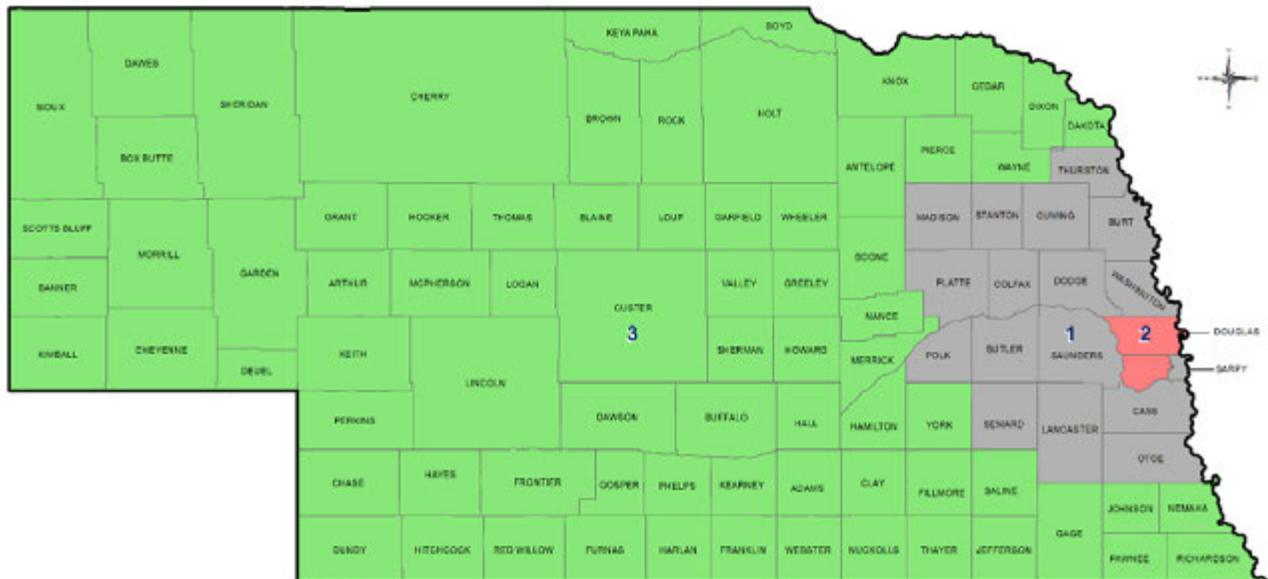


Exhibit 2

Nebraska U.S. House of Representatives Congressional Districts

(Districts took effect May 27, 2011)



Source: US Census Bureau and Nebraska Legislature,
http://nebraskalegislature.gov/maps/2011/congress/congress_hi_8x11.png

Section Four: Community Development Priority

Strengthen Nebraska communities through
Community development programs and services
in order to provide a stable platform for economic development.

Community Development Priority Statement & Objectives

COMMUNITY DEVELOPMENT PRIORITY: STRENGTHEN NEBRASKA COMMUNITIES THROUGH COMMUNITY DEVELOPMENT PROGRAMS AND SERVICES IN ORDER TO PROVIDE A STABLE PLATFORM FOR ECONOMIC DEVELOPMENT.

The State of Nebraska's Objectives developed to meet the Community Development Priority include:

Objective One: Improve the quality of water and wastewater in Nebraska and assist in developing and financing appropriate infrastructure and facilities for communities and counties that have planned and set priorities for long-term development.

Objective Two: Invest in quality projects that are identified in a formal community development plan; compliment or support related community investments; leverage maximum private and/or other investment; and have reasonable plans for long-term operation and maintenance.

Objective Three: Increase capacity, efficiency, and effectiveness of local planning efforts resulting in long-term development.

Background

The following is a report on the activities the state plans to undertake during the next year to target non-housing community development problems in the six funding categories through which DED competitively allocates CDBG funds. Resources must be targeted to serious problems affecting the local economic base, public health, welfare, or safety. DED structures its community development CDBG allocations and redistributed funds around six Funding Categories: Comprehensive Revitalization, Comprehensive Investment & Stabilization, Public Works, Water/Wastewater, Planning, and Downtown Revitalization. The types of projects funded, and the priorities and objectives for each category are included in the 2013 Annual Action Plan.

The State has an obligation to more effectively coordinate its delivery system for community development programs, services, and funding. For example, many rural Nebraska communities simply do not have facilities, such as community buildings, senior/day care/community centers, fire protection, and medical clinics. Because they are lacking in one or more of these facilities, the community is often in jeopardy of losing its economic base to nearby communities that can offer these services. Other communities may have these facilities, but have outgrown them, or the facilities have become economically obsolete. Another serious problem plaguing many rural communities involves water and sewer infrastructures, communities that lack public water/sewer systems or that have deteriorating facilities. Other communities have outgrown their

water and wastewater systems. Some systems no longer meet the requirements set forth by the Environmental Protection Agency. Other equally serious problems with infrastructure exist. Communities also need to support their community attraction facilities that strengthen their economic development base.

State community development resources also must be directed toward problems that are resolvable.

- Applicants must show that work on their projects can start promptly.
- Community development problems are serious compared with other problems identified in all the applications received.
- Projects will resolve community development problems in a reasonable period of time.

Development of Community Development CDBG Objectives

CDBG objectives have resulted from more than 25 years of consultation with local communities and public comment. The selection criteria and priorities outlined in the CDBG section of this Action Plan also were developed with advice and consent of the Nebraska Economic Development Commission. Priorities and objectives support the State's anti-poverty strategy of creating jobs with livable wages, and are directed toward both workers and employers. The efforts for workers include assuring that education, job training, and skill development programs adequately prepare them for the jobs that are available. The business efforts include providing economic assistance, tax credits, and loans that attract new firms; and retaining/expanding existing ones, especially businesses that hire low- and very low-income people.

Set up by state statute, the Nebraska Economic Development Commission provides leadership and advice to DED to strengthen Nebraska's position in the global economy. The Commission consists of nine voting members (three each from Nebraska's three Congressional Districts) and the DED Director (a non-voting member). For more than twenty years the CDBG Advisory Committee regularly consulted with DED in regard to the State's CDBG Program. However, in April of 2010, the duties of the CDBG Advisory Committee were assigned to the Economic Development Commission, when the CDBG Advisory Committee was eliminated from statute. In addition to its other statutory duties, the Economic Development Commission is now also responsible for providing regular consultation to DED in regard to the Community Development Block Grant Program.

Actions for the 2013 Program Year

Objectives and measurable actions planned between July 1, 2013 and June 30, 2014, are listed below:

Specific Objective	Outcome/Objective	Sources of Funds	Performance Indicators	Year	Expected Number	Actual Number	Percent Complete
	Specific Annual Objective						
SL-1	Availability/Accessibility of Suitable Living Environment						
PUBLIC WORKS, WATER AND WASTEWATER, AND INFRASTRUCTURE ACTIVITIES							
SL-1.1	IMPROVE THE QUALITY OF WATER AND WASTEWATER IN NEBRASKA AND ASSIST IN DEVELOPING AND FINANCING APPROPRIATE INFRASTRUCTURE AND FACILITIES FOR COMMUNITIES AND COUNTIES THAT HAVE PLANNED AND SET PRIORITIES FOR LONG-TERM DEVELOPMENT.	CDBG	Number of LMI persons with new access to a facility or infrastructure benefit.	2010	1,000	1,011	100%
				2011	1,000	1,918	100%
				2012	1,000		
				2013	1,000		
				2014			
			Number of LMI persons with improved access to a facility or infrastructure benefit.	2010	1,000	2,535	100%
				2011	1,000	2,286	100%
				2012	1,000		
				2013	1,000		
				2014			
			Number of LMI persons who previously had access to only substandard facilities or infrastructure services that will now have access to safe, appropriate facilities and/or infrastructure.	2010	500	3,139	100%
				2011	500	1,159	100%
				2012	500		
				2013	500		
				2014			
SL-3	Sustainability of Suitable Living Environment						
COMPREHENSIVE REVITALIZATION AND DOWNTOWN REVITALIZATION ACTIVITIES							
SL-3.1	INVEST IN QUALITY PROJECTS THAT ARE IDENTIFIED IN A FORMAL COMMUNITY DEVELOPMENT PLAN; COMPLIMENT OR SUPPORT RELATED COMMUNITY INVESTMENTS; LEVERAGE	CDBG	Number of LMI persons benefitting from comprehensive revitalization and downtown revitalization activities.	2010	4,000	26,937	100%
				2011	4,000	46,464	100%
				2012	4,000		
				2013	4,000		
				2014			
			Amount of public and private funds leveraged from	2010	\$1,000,000	\$2,271,200	100%
				2011	\$1,000,000	\$3,182,275	100%
				2012	\$1,000,000		
				2013	\$1,000,000		
				2014			

	MAXIMUM PRIVATE AND/OR OTHER INVESTMENT; AND HAVE REASONABLE PLANS FOR LONG-TERM OPERATION AND MAINTENANCE.		comprehensive revitalization and downtown revitalization activities.				
OTHER	Other Objectives						
PLANNING AND TECHNICAL ASSISTANCE ACTIVITIES							
OTHER-1	INCREASE CAPACITY, EFFICIENCY, AND EFFECTIVENESS OF LOCAL PLANNING EFFORTS RESULTING IN LONG-TERM DEVELOPMENT.	CDBG	Number of LMI persons benefitting from local and regional planning projects	2010	5,000	2,651	53%
				2011	5,000	9,015	100%
				2012	5,000		
				2013	5,000		
				2014			
			Amount of public and private funds leveraged through planning projects.	2010	\$100,000	\$80,000	80%
				2011	\$100,000	\$104,400	100%
				2012	\$100,000		
				2013	\$100,000		
				2014			
			Number of technical assistance and training sessions conducted for building capacity of local government officials.	2010	4	6	100%
				2011	4	5	100%
				2012	4		
				2013	4		
				2014			

Comprehensive Revitalization Funding Category

A. Comprehensive Revitalization Category – State Objective:

The purpose of the Comprehensive Revitalization Category is to provide flexible investments in housing and infrastructure to carry out a comprehensive strategy of revitalization to stabilize, support, and enhance clearly defined residential neighborhoods with concentrations of persons with lower incomes.

B. How and What Projects May be Assisted:

The primary national objective of the CDBG Program is the “development of viable urban communities by providing decent housing and a suitable living environment, particularly for low and moderate-income persons.” Eligible activities are those identified as State Priorities in the Housing, Public Works, Planning, and Downtown Revitalization categories such as housing rehabilitation or homebuyer assistance programs; neighborhood centers or senior centers of a single or multipurpose nature designed to provide public recreational and social activities; nonprofit centers for day care, dependent care, primary health and mental health care outpatient clinics (excluding shelters defined as: hospitals, nursing homes, convalescent homes, battered spouse shelters, shelters for the homeless, halfway houses, group homes, temporary housing); accredited public libraries; single or multi-service fire/rescue buildings (fire trucks are specifically considered “public facilities” and thus eligible); removal of architectural barriers for accessibility; water distribution (only if system service connections are or will be metered) and/or sanitary sewer collection system improvements (lines on private property are eligible under LMH national objective); bridge and/or street improvements including curb, gutter, and sidewalk; storm sewer improvements; flood control (designed to influence or affect the flow in a natural water course such as a river, stream or lake); drainage improvements (i.e. retention ponds or catch basins); and tornado-safe shelters in manufactured home parks (containing not less than 20 manufactured housing units that are within such proximity of shelter to be of use in a tornado); neighborhood parks (a new facility/improvement or a quantifiable increase of an existing facility/improvement); analyses of impediments and barriers to fair housing choice; neighborhood/comprehensive/strategic pre-development studies; functional or special pre-development studies for: housing, downtown revitalization, energy conservation and transportation; environmental, heritage tourism, and historic preservation studies; loans to businesses located in the designated downtown business district for façade improvements; loans to businesses located in the designated downtown business district to improve deficiencies in meeting community codes; historic restoration, rehabilitation, housing conversion 2nd levels up, and preservation for physical structures, and infrastructure in a defined downtown business district. When in support of any of the above activities, acquisition, clearance, and code enforcement activities may be undertaken.

C. CDBG National Objective.

All activities proposed in applications for CDBG funding in the Comprehensive Revitalization Category must meet one of the national objectives of either (1) benefitting low-and moderate income persons (through the subcategories LMI Area Benefit, LMI Limited Clientele, or LMI Housing); or (2) aiding in the prevention or elimination of slums or blight. A project or project activity that fails to meet one of these specified national objectives is ineligible.

D. Grant Amount, Leverage, and Distribution of Comprehensive Revitalization Category Funds:

The 2013, 2014, and 2015 conditionally guaranteed grant awards and distribution formula is based on the greater amount for either: a minimum funding level of \$150,000, or a maximum of \$225,000, or the formula allocation according to the number of low-and moderate-income persons residing in the community. The funding allocations were determined by dividing the amount of the CDBG Program funds available for distribution in the Downtown Revitalization, Housing, Planning, Water Wastewater, and Public Works categories (excludes Economic Development and Tourism Development categories) by the total number of low and moderate-income (LMI) persons residing in the non-entitlement areas of the state multiplied by the number of LMI persons residing in the eligible community. The source of the LMI persons is the U.S. Department of Housing and Urban Development calculations from the 2000 Census data.

The seven eligible communities and approximate funding allocations are shown below (based on available allocation for 2012 Downtown Revitalization, Housing, Planning, and Community Development Category distribution of \$5,089,377, divided by a non-entitlement LMI population of 371,798 equals \$13.689/capita, multiplied by the respective number of LMI persons). These amounts are subject to change based on CDBG funds available, HUD statistical data, and the participating municipalities.

City	LMI pop.	Formula	Allocation
Columbus	8,107	\$110,977	\$ 150,000
Fremont	9,502	\$130,073	\$ 150,000
Grand Island	17,348	\$237,477	\$ 225,000
Hastings	9,034	\$123,666	\$ 150,000
Kearney	10,203	\$139,669	\$ 150,000
Norfolk	9,649	\$132,085	\$ 150,000
North Platte	10,087	\$138,081	\$ 150,000
	73,930	\$1,012,028	\$1,125,000

All activities, except general administration, require 1:1 leverage. Proposed leverage must be from CDBG eligible activities directly related to the proposed project(s) in the same neighborhood or directly benefiting a substantial majority of the LMI persons or families residing within the neighborhood during the grant award period. Consideration for leverage will be given for such sources as public/private cash, loans and program income from prior awards.

The General Administration activity cannot exceed 10% of the city's allocation. The Housing Management activity cannot exceed 8% of the city's allocation. These amounts are taken out of the CDBG CR funds allocation for each city. General Administration and Housing Management activities require no matching funds.

Up to 25% of each community's allocation can be used for activities eligible for assistance under the Downtown Revitalization funding category; provided that such activities were identified as needs in the comprehensive needs assessment, and provide a benefit to low/moderate income residents of the community. If the CR grantee is awarded a Downtown Revitalization grant, 0% of the CR allocation may be used for activities eligible for assistance under the Downtown Revitalization funding category except for housing activities.

Grantees with open Comprehensive Revitalization awards cannot apply in the Community Development Category within the Public Works and Water Wastewater Priorities.

E. Application Submission, Threshold and Review Criteria:

Eligible communities interested in the three year (2013-2015) Comprehensive Revitalization category must submit a Comprehensive Revitalization application to DED by November 16, 2012 and complete a Comprehensive Needs Assessment and a Revitalization Strategy, which may be an update or revision to the strategy submitted for 2009-2011 period. The Comprehensive Needs Assessment must identify all areas of low and moderate-income concentrations and inventory all types and degree of housing and community development needs within each area (HUD Census data is available that identifies LMI areas in each community; however, proposed activities that do not coincide with these boundaries must be supplemented by an income survey of the activity service area). All types of needs should be considered whether eligible for state/federal CDBG funding or not eligible. The Revitalization Strategy must identify a one, two, and three year action plan to meet the needs of the LMI neighborhood(s) selected for investment. The Needs Assessment and Revitalization Strategy process must involve citizen participation, particularly LMI residents, in all development and implementation phases. The maximum Assessment/Strategy grant amount available is \$12,000 and requires a minimum 25% cash match (\$12,000 CDBG with \$4,000 Local for a \$16,000 Assessment/Strategy). General Administration activities shall not exceed 7% of the CDBG funds awarded or \$1,000, whichever is greater. Funding awards are anticipated by December 10, 2012. The Assessment and Strategy documents must be completed and submitted for DED review on or before May 20, 2013.

For a suitable Assessment/Strategy, DED will recommend that a Comprehensive Revitalization application for Action Plan-Year One funding be submitted to DED on or before June 28, 2013. It is anticipated that awards will be announced on or before July, 31, 2013 and funds must be expended by September 30, 2014.

During the Assessment/Strategy and Application process, DED may require revisions before the documents can be approved. If this is necessary, communities will be allowed a maximum 30 days to conduct appropriate revisions and re-submit the requested

documents to DED. Communities that fail to meet these deadlines will forfeit their Comprehensive Revitalization funding allocation.

Comprehensive Revitalization Milestone Summary July 2, 2012-January 3, 2014

2012 Needs Assessment/Strategy	November 16, 2012
2012 Needs Assessment/ Strategy due	May 20, 2013
2013 CR application for Phase I due	June 28, 2013
Phase I implementation (15 months)	September 30, 2014
2014 CR application Phase II due	June 30, 2014
2014 II implementation (15 months)	November 30, 2015
2015 CR application Phase III due	August 31, 2015
2015 III implementation (15 months)	January 31, 2017

Threshold requirements must be met prior to application review. Applications will not be considered and returned if the following threshold requirements are not met:

- applicant is eligible;
- activities are eligible and comply with national CDBG objectives and state CDBG priorities;
- applicant has no significant, unresolved audit finding;
- applicant has no legal actions under way that may significantly impact its capacity;
- applicant is following a detailed citizen participation plan and anti-displacement plan;
- applicant has adopted authorizing participation resolution;
- applicant must have addressed and cleared all compliance problems (i.e. Davis-Bacon, acquisition, fair housing, etc.), if any, from past awards and have response accepted by DED;
- applicant is current with all reporting requirements (semiannual status reports, closeout reports, audit reports, notification of annual audits, etc.)
- 2013 applicant has drawn down 90% of any 2011 CDBG funds and 100% of any 2010 or prior year CDBG funds (this requirement excludes Comprehensive Revitalization, Downtown Revitalization, Economic Development, Planning, and Tourism Development CDBG funds).

The percentage for funds drawn down shall be figured by DED based on the final application acceptance date, except when an applicant is awarded funds after initial award date, obligated and drawn down funds shall be based on a proportionate number of months lapsed since initial grant award. DED shall contact an applicant if additional information is required.

Comprehensive Investment & Stabilization Funding Category

A. Comprehensive Investment & Stabilization Category – State Objective:

The purpose of the Comprehensive Investment & Stabilization (CIS) Category is to provide flexible investments in Nebraska communities that will contribute to the stabilization, revitalization, or redevelopment of housing and infrastructure. The focus is to foster a greater capacity for local community and economic development initiatives that will carry out an enhanced and stable comprehensive revitalization strategy principally benefiting low/moderate income residents of the community.

B. How and What Projects May be Assisted:

Distribution of Comprehensive Investment & Stabilization Category Funds:

DED will award CDBG grants under the Comprehensive Investment & Stabilization Category to eligible local governments to carry out project implementation through multi-year pre-development studies and comprehensive development projects that meet required national and state CDBG objectives. Projects will be carried out in two phases. First a pre-development phase which will result in the completion of a well defined multi-year Comprehensive Investment & Stabilization pre-development study. The pre-development study will define a series of specific desired outcomes with goals and action steps for improvements to the community. The pre-development phase addresses neighborhoods or community wide initiatives principally benefiting low-and moderate income persons.

The second phase will be awarded, after the successful completion, negotiation, and approval by DED of the multi-year Comprehensive Investment & Stabilization pre-development study, to implement physical projects identified in the neighborhoods or community wide initiatives pre-development study. There is no guarantee that all Phase I pre-development applicants will be offered applications to submit for Phase II. The pre-development study must be submitted with the required application to receive an award for the second phase. CDBG funds for the second phase are reserved for communities that were selected to complete the first phase for Comprehensive Investment & Stabilization Projects.

Eligible Applicants include every Nebraska incorporated municipality with a population of less than 20,000 and 5,000 or greater. See the “Threshold Requirements” for specific thresholds that are also considered in determining eligibility.

The primary national objective of the CDBG Program is the “development of viable urban communities by providing decent housing and a suitable living environment, particularly for low and moderate-income persons.” Eligible activities are those identified as State Priorities in the Housing, Public Works, and Planning categories such as housing rehabilitation or homebuyer assistance programs; neighborhood centers or

senior centers of a single or multipurpose nature designed to provide public recreational and social activities; nonprofit centers for day care, dependent care, primary health and mental health care outpatient clinics (excluding shelters defined as: hospitals, nursing homes, convalescent homes, battered spouse shelters, shelters for the homeless, halfway houses, group homes, temporary housing); accredited public libraries; single or multi-service fire/rescue buildings (fire trucks are specifically considered “public facilities” and thus eligible); removal of architectural barriers for accessibility; water distribution (only if system service connections are or will be metered) and/or sanitary sewer collection system improvements (lines on private property are eligible under LMH national objective); bridge and/or street improvements including curb, gutter, and sidewalk; storm sewer improvements; flood control (designed to influence or affect the flow in a natural water course such as a river, stream or lake); drainage improvements (i.e. retention ponds or catch basins); and tornado-safe shelters in manufactured home parks (containing not less than 20 manufactured housing units that are within such proximity of shelter to be of use in a tornado); neighborhood parks (a new facility/improvement or a quantifiable increase of an existing facility/improvement); analyses of impediments and barriers to fair housing choice; neighborhood/comprehensive/strategic pre-development studies; functional or special pre-development studies for: housing, downtown revitalization, energy conservation and transportation; environmental, heritage tourism, and historic preservation studies; historic restoration, rehabilitation, housing conversion 2nd levels up, and preservation for physical structures, and infrastructure in a defined downtown business district. When in support of any of the above activities, acquisition, clearance, and code enforcement activities may be undertaken.

C. CDBG National Objective.

All activities proposed in applications for CDBG funding in the CIS Category must meet the national objective of benefitting low-and moderate income persons (through the subcategories LMI Area Benefit, LMI Limited Clientele, or LMI Housing).

D. Grant Amount, Leverage and Distribution of CIS Category Funds:

The maximum grant amount for Phase I (pre-development) activities is \$10,000. Pre-development activities undertaken to complete Phase I for the Comprehensive Investment & Stabilization Category require a 25% match of the total project cost. At a maximum, no more than one-half of the total project match may be in-kind source contributions. And at a minimum, at least one-half of the total project matches must be non-CDBG cash contributions, of the total project costs (pre-development). General administration activities require no matching funds. General administration activities shall not exceed 10% of the CDBG funds awarded.

The maximum grant amount for Phase II (project implementation) activities will range from \$150,000 up to a maximum \$250,000 per community each funding year for three year multi-funding period, dependent each year on available funds. The funding level for the three years will be set based upon the pre-development studies, number of applicants, and the multi-year proposal established in the pre-development study. Comprehensive Investment & Stabilization Category activities require a 25% match. At a maximum, no

more than one-half of the total project match may be in-kind source contributions. And at a minimum, at least one-half of the total project matches must be non-CDBG cash contributions. General Administration activities do not require matching funds. General Administration activities shall not exceed 10% of the CDBG funds awarded.

CDBG funds allocated for distribution are estimated at \$70,000 for pre-development activities (Phase I) and \$1,200,000 for Comprehensive Investment & Stabilization Category project implementation (Phase II). Total Phase I and Phase II are not to exceed \$1,270,000 less funds awarded from the Planning Category for pre-development studies.

All activities, except General Administration, are encouraged, which includes matching funds, to demonstrate a 1:1 leverage. Proposed leverage must be from CDBG eligible activities directly related to the proposed project(s) in the same neighborhood or directly benefiting a substantial majority of the LMI persons or families residing within the neighborhood during the grant award period. Consideration for leverage will be given for such sources as public/private cash, loans and program income from prior awards.

The General Administration activity cannot exceed 10% of the city's allocation. The Housing Management activity cannot exceed 8% of the city's allocation. These amounts are taken out of the CDBG CIS funds allocation for each city. General Administration and Housing Management activities require no matching funds.

Grantees with open Comprehensive Investment & Stabilization Category awards cannot apply in the Community Development Category within the Public Works and Water Wastewater Priorities or the Downtown Revitalization Category.

E. Application Submission, Threshold and Review Criteria:

Eligible communities interested in the three year multi-funding (2013-2015) for the Comprehensive Investment & Stabilization Category must submit a Comprehensive Investment & Stabilization Category pre-development (Phase I) application to DED by June 3, 2013 to complete a Comprehensive Needs Assessment and a Revitalization Strategy. The Comprehensive Needs Assessment must identify all areas of low and moderate-income concentrations and inventory all types and degree of housing and community development needs within the community by neighborhood, service areas, or acceptable statistical determined areas (such as Census). All types of needs should be considered whether eligible for state/federal CDBG or not eligible. The Revitalization Strategy must identify a one, two, and three year action plan to meet the needs of the LMI neighborhood(s) selected for investment. The Needs Assessment and Revitalization Strategy process must involve citizen participation, particularly LMI residents, in all development and implementation phases. Funding awards are anticipated by July 22, 2013. The Assessment and Strategy documents must be completed and submitted for DED review on or before January 31, 2014.

For a suitable Assessment/Strategy, DED will recommend that a Comprehensive Investment & Stabilization Category application for Plan-Year One funding be submitted to DED on or before May 1, 2014. It is anticipated that awards will be announced on or

before June, 30, 2014 and funds must be expended by June 30, 2015 (12 month project completion schedule).

During the Assessment/Strategy and Application process, DED may require revisions before the documents can be approved. If this is necessary, communities will be allowed a maximum 30 days to conduct appropriate revisions and re-submit the requested documents to DED. Communities that fail to meet the following deadlines will forfeit their Comprehensive Investment & Stabilization Category funding allocation.

Comprehensive Investment & Stabilization (CIS) Category Milestone Summary

Application Phase I Needs Assessment/Strategy due	June 3, 2013
2013 CIS application for Phase II/ year one due	May 1, 2014
Phase II/ year one implementation (12 months)	June 30, 2014 – June 30, 2015
2014 CIS application for Phase II/ year two due	August 3, 2015
Phase II/ year two implementation (12 months)	September 14, 2015 – Sept. 30, 2016
2015 CIS application for Phase II/ year three due	August 1, 2016
Phase II/ year three implementation (12 months)	August 31, 2016 – August 31, 2017

Threshold requirements must be met prior to application review. Applications will not be considered and returned if the following threshold requirements are not met:

- applicant is eligible;
- activities are eligible and comply with national CDBG objectives and state CDBG priorities;
- applicant has adopted a comprehensive plan, zoning and subdivision ordinances, building codes, code enforcement, and a building permit process;
- applicant has no significant, unresolved audit finding;
- applicant has no legal actions under way that may significantly impact its capacity;
- applicant is following a detailed citizen participation plan and anti-displacement plan;
- applicant has adopted authorizing participation resolution;
- applicant must have addressed and cleared all compliance problems (i.e. Davis-Bacon, acquisition, fair housing, etc.), if any, from past awards and have response accepted by DED;
- applicant is current with all reporting requirements (semiannual status reports, closeout reports, audit reports, notification of annual audits, etc.);
- 2013 applicant has drawn down 90% of any 2011 CDBG funds and 100% of any 2010 or prior year CDBG funds (this requirement excludes Downtown Revitalization, Economic Development, Planning, and Tourism Development CDBG funds).

The percentage for funds drawn down shall be figured by DED based on the final application acceptance date, except when an applicant is awarded funds after initial

award date, obligated and drawn down funds shall be based on a proportionate number of months lapsed since initial grant award. DED shall contact an applicant if additional information is required.

- applicant has adopted a comprehensive plan, zoning and subdivision ordinances, building codes, code enforcement, and a building permit process, and
- applicant has an operational planning commission and capital improvement program.

F. Review Criteria for Submitting Pre-Development (Phase I) Application and Phase II Applications

Applicants meeting required thresholds for eligibility and review may submit a Phase I application by the deadline, June 3, 2013. Phase I applications will be reviewed using the below scoring matrix. The highest scoring applicants, who also meet all required thresholds, will be awarded up to \$10,000 to initiate Phase I (pre-development) of the Comprehensive Investment and Stabilization Category. Phase II funds for Comprehensive Investment and Stabilization are reserved for the initial communities selected for Phase I, however submission of an application and completed investment and stabilization pre-development study are required to receive Phase II funds.

Phase I Application Scoring Matrix

The matrix below delineates each selection criterion as a numerical score applied to the Comprehensive Investment & Stabilization Funding Category. The minimum total threshold score is 330 points (including no criterion with 0 points scored; except for Bonus Points and LMI points). The minimum total threshold score is not a totaling of all minimum selection criterion scores. Each selection criterion includes a separate minimum threshold score for qualifying the application. All selection criteria will be scored in five point increments. Each selection criterion shall be scored on a scale.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Needs Identification	Problem Statement	Need Impact Readiness	Leverage / Financial Commitment	Community Support	Capacity/ Commitment	LMI Benefit	On-Site Review	Bonus Pts	TOTAL
50	175	150	150	150	225	70	150	30	1,150
5 min	50 min	50 min	50 min	50 min	75 min	NA	50 min	NA	330 min

- **Needs Identification** - applicant's description of public participation and the process used to identify community needs and allocate resources to address needs will be compared to other applicants with: 0 points- Below Average; 5 points – Average (needs identification). If minimum of 5 points is not met, the application will not be reviewed further. The community has completed a comprehensive community needs assessment process including citizen participation. The process includes but is not limited to developing and distributing community attitude surveys, holding public

meetings to develop community priorities and involving local groups and organizations to develop community priorities. Activities must have been completed in the last three years prior to the date of the application submission. 30 points – Above Average (needs identification, development and implementation) The community has completed the above needs identification activities, has identified and prioritized survey results from the needs assessment process, has been involved in developing ongoing community action plans for short and long-term projects (*Action plans must include strategies/goals, action tasks, timelines, estimated financial assistance needed, potential sources of assistance, and responsible parties to oversee goal progress.*). Community must also show significant community and economic development efforts with citizen participation within the last three to five years as a result of community needs assessments, participation, and planning efforts. The community must show evidence of a broad base of projects and/or programs that have been implemented and completed within the last three to five years; 50 points – Outstanding (needs identification, development and implementation, sustainability) The community has completed above needs identification, development and implementation, and in addition adopted or updated a comprehensive plan, housing study and/or capital improvement plan within the last five to seven years. (Maximum 50 points, minimum threshold score 5 points. Applicant must score 5 points or more to be considered competitive for rating and ranking for CDBG funding.)

- **Problem Statement** –the significance of the stated issues, problems, and unmet needs will be scored as compared to other applicants with: 0-50 needs met, 55-95-minor issues, and 100-175-major unmet needs. The three criteria are scored for: (a) explanations of the overall purpose on the project application and factual information that illustrates the severity of the community issues, problems, and unmet needs up to 75 points; (b) past efforts to resolve the problem and meet community needs up to 50 points; and (c) stated goals and objectives for resolving the problem statement with a description of how the community will be included in the citizen participation process to determine the objectives for problem resolution up to 50 points (Maximum 175 points with a minimum threshold 50 points. Applicant must score 50 points or more to be considered competitive for rating and ranking for CDBG funding.).

- **Project Need, Impact and Readiness**– the seriousness of the need(s) being resolved, the project impact and readiness will each be evaluated. For PROJECT NEED: 0 points - less serious problems (i.e. facility needs functional improvements like kitchen or parking, minor code violations, expanding access, repair due to pending highway construction, etc.); 25 points - moderately serious problems (i.e. health & safety threat to users, facility not physically accessible, undersized or lacking space, infiltration and inflow or decrepit distribution lines, etc.); 50 points - severe and widespread problems exist in service area (i.e. no facility or cannot house or will lose a basic program/service, no similar facility or service within reasonable distance, significant structural problems, etc). For PROJECT IMPACT: 0 points - the activity or application does not clearly address the identified need(s), design life, maintenance capacity, duplication of activity, etc.; 25 points - the project will significantly address the identified need(s) in the service area, has a long term design life and maintenance capacity and will not duplicate other facilities in the area, etc; 50 points - the proposed project will substantially address the

identified need(s) in the service area, has a long term design life and maintenance capacity and will not duplicate other facilities in the area, and has high level community/business support. For PROJECT READINESS: 0 points - little preliminary work is done on project, site or financing, unrealistic or unclear construction timetable, etc; 25 points - significant preliminary work is done, project is feasible and cost estimates reliable, financial resources have been investigated and are pending, optional sites are available, average construction timetable, etc; 50 points - substantial preliminary work is done, project is feasible and cost estimates reliable, non-CDBG financial resources are committed, site is controlled, environmental agency consultation has been completed, construction can be promptly started and completed. (Maximum score 150 points, minimum threshold score 50 points. Applicant must score 50 points or more to be considered competitive for rating and ranking for CDBG funding.)

- **Leverage / Financial Support-** the level of financial support (public and/or private) already committed to community projects (for both Phase I and Phase II) will be compared to other applicants with: 0-50 below average – lack of cash on hand or committed; average; 51-100 average – a solid commitment of cash or secured commitments that meet match requirements; and 101-150 above average – cash on deposit or otherwise secured that meets match requirements. (Maximum 150 points with a minimum threshold of 50 points. Applicant must score 50 points or more to be considered competitive for rating and ranking for CDBG funding.).
- **Community Support** – The level of commitment and support from the local business and community organizations will be compared to other applicants with 0-50 below average – no evidence, or little evidence from the business and community organizations to commit and support comprehensive investment, revitalization and stabilization efforts; average; 51-100 average – a solid commitment from the business and community organizations to commit and support community investment, revitalization and stabilization efforts including support letters, or other evidence that identifies business and community support; and 101-150 above average – Business community support letters, financial commitment from businesses in the core business district, other business support outside of the core business district, a Redevelopment Authority or other community organization structure is operational and functioning to support downtown revitalization (Maximum 150 points with a minimum threshold of 50 points. Applicant must score 50 points or more to be considered competitive for rating and ranking for CDBG funding).
- **Capacity / Commitment** – The level of capacity and commitment by the applicant will be compared to other applicants with 0-75 below average – lack of local staff or ability to oversee the revitalization and stabilization efforts from planning to the three year implementation of the physical projects, no evidence of commitment to proceed with a physical projects after Phase I is complete, no active code enforcement in place; 75-150 average – local capacity demonstrated through past projects, past downtown and community improvement efforts, citizen participation, and evidence of commitment to proceed with a physical project after the successful completion of a community revitalization plan and demonstrated active code enforcement is in place; 151-225 above average – Local capacity demonstrated through past improvement efforts,

citizen participation, evidence of commitment to proceed with a physical project after the successful completion of a community revitalization plan and capital improvement plan, active code enforcement in place, and demonstrated organized groups, organizations, efforts dedicated to community/economic development,. (Maximum 225 points with a minimum threshold of 75 points. Applicant must score 75 points or more to be considered competitive for rating and ranking for CDBG funding).

- **LMI Benefit** – needs assessment strategy that primarily benefit low and moderate-income (LMI) persons will be scored up to 70 points based on the median percentage of LMI persons benefiting and the median number of LMI persons benefiting as compared to all LMI applicants with: (a) 40 points for at or above the median percentage of LMI persons benefiting and 20 points for below the median and greater than 55% LMI persons benefiting (0 points below 55% LMI) and (b) 30 points for at or above the median number of LMI persons benefiting and 0 points for below the median number of LMI persons benefiting. The median is the middle piece of data when those data are placed in numerical order. (Maximum 70 points, no minimum threshold).
- **On-Site Review** (Optional) – Following receipt of applications the DED will determine whether or not an on-site review of community applicants is warranted. Community applications will be notified by DED following receipt of the applications. (The on-site review may be conducted as a component of the Phase II application preparation review process.)

The level of project need and impact based on an onsite review conducted by the DED Review Team will be compared to other applicants with 0-50 below average – less serious problems exist in the community, little or no substandard conditions exist, infrastructure is in good/excellent condition, downtown structures are in good/excellent condition, little or no physical or economic blight identified; 51-100 average – *moderately serious problems exist in the community/neighborhoods, less than 25% of the properties in the project area exist in the state of physical and/or economic blight, infrastructure problems exist (deteriorating streets, hazardous sidewalks, accessibility, drainage, etc), façade improvement needed, vacancies exist*; 100-150 above average – serious problems exist in the community/neighborhoods, 25% or more of the properties in the project area are physically blighted, vacancies exist, physical and economic blight prevalent, (*Physical Blight is the deteriorated conditions or states of disrepair of district infrastructure, buildings, and other physical elements which detracts from the overall appearance and identity of the district and, in turn, depress property values and the ability to market and attract investment; Economic blight is the existence of vacant, disinvested, or underutilized buildings and parcels which represent unrealized potential and project a negative image that harms efforts to attract new investment.*) (Maximum 150 points with a minimum threshold of 50 points. Applicant must score 50 points or more to be considered competitive for rating and ranking for CDBG funding.).

- **Bonus Points** – Bonus points will be awarded as follows for applicants that can demonstrate any of the following at the time of the submittal of the Pre-Application:

- **Volunteers** --- initiatives and successes by organizations and individuals --- documented volunteer organizations supporting community development projects for past 3 years and longer. 7 points
- **Citizen Participation** --- documented public, business, civic, and other groups coordinating partnerships along with collaboration for development of successful community / economic development public and private projects/ services during the past 3 years or longer. 7 points
- **Leadership** --- documented demonstration by public, business, civic, and other groups resulting in successful community / economic development projects through the accomplishment of specific objectives benefiting the community, during the past 3 years or longer . 7 points
- **Project Collaboration**---Describe the volunteer, citizen participation, and leadership efforts that will be provided during the 3 year course of the projects. These efforts will supplement any activities funded through the CIS Program. 9 points

G. Review Criteria for Submitting Phase II Applications

Phase II funds for Comprehensive Investment & Stabilization Funding Category are reserved for the communities selected from Phase I applications based on most points scored, funding available, and negotiation of project activities/ budget. However submission of an application and completed Comprehensive Investment & Stabilization Funding Category plan are required to receive Phase II funds. Phase I applicants will be invited by DED to submit a Phase II application for consideration of multi-year funding (2013-2015). Phase I applicants will be invited to submit a Phase II application based on the Phase I application's rating highest as scored, balance funds available, and the on-site review (optional).

Phase II Application Submission

Applications for the multi-year funding will include:

- **Project Description:**

Details for each of the proposed uses of CDBG; such as: (numbers, measurable quantities, locations, persons and area benefiting from individual activity and other information necessary) to clearly define the proposal.

- **Outcomes and Evaluation:**

Description of activity outcome(s) or effect(s) on users (new or increased level of service available, accessible or affordable). Descriptions of the degree to which the proposed accomplishments will reduce or eliminate the need(s) in the area, and any plans to address what need(s) remains.

- **Project Planning:**

A chronological list of the planning process to date for the proposed project. The alternatives considered preliminary design, energy savings, consultation on environmental impacts, how cost estimates were determined, and status of necessary

agreements or permits, etc. A listing of each source and amount of other funds to complete the project.

Measurable benchmarks and outlining a schedule for project implementation (typical benchmarks include: securing administrative and engineering services, completing environmental review, completing land acquisition, completing plans/specifications, obtaining permits and approvals, solicit construction bids, award contracts, construction start and completion).

- **Complimentary Projects:**

Detail the projects planned in the target area, consistent with the strategy, which may be completed with funding sources other than CDBG. Amount of said funds and degree to which funds have been committed to the project.

- **National Objective**

A narrative description with documentation of how each CDBG funded activity complies with the national objective of benefit to low- and moderate-income persons.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

Community Development Funding Category (Includes Public Works & Water Wastewater)

A. Community Development Category – State Objective:

The purpose of the Community Development Category is to provide for investments in effective and affordable infrastructure to quality communities that are investing in long-term development. This provides a sound basis for fostering local economic development. This recognizes the importance of the availability and condition of public works/facilities and housing in business expansion and location decisions. Funded projects shall develop the state's communities and counties by providing residents with basic public works/facilities with the opportunity to maximize energy efficiency.

B. How and What Projects May be Assisted

Distribution of Community Development Category Funds:

DED will award grants under the Community Development Category to eligible local governments to carry out public works/facilities and projects meeting the national and state CDBG objectives through:

Public Works: Single or multiple activities that contribute to the revitalization of neighborhoods or specific target areas that are contiguous and substantial which have concentrations of LMI families. Activities given priority are: community centers or senior centers of a single or multipurpose nature designed to provide public recreational and social activities; nonprofit centers for day care, primary health and mental health care outpatient clinics (excluding shelters defined as: hospitals, nursing homes, convalescent homes, battered spouse shelters, halfway houses, group homes, temporary housing); remodel shelter facilities for the homeless (excludes costs for operation); accredited public libraries; single or multi-service fire/rescue buildings (fire trucks are specifically considered “public facilities” and thus eligible); removal of architectural barriers from City/Village Halls or County Courthouses for accessibility (does not include sidewalk repair); parks (a new facility/improvement or a quantifiable increase of an existing facility/improvement); water line distribution (excludes water transmission, wells, and storage system) improvements/service lines (only if system service connections are or will be metered) and/or sanitary sewer collection system improvements (lines on private property are eligible under LMH national objective); bridge and/or street improvements including curb, gutter, and sidewalk; storm sewer improvements; flood control (designed to influence or affect the flow in a natural water course such as a river, stream or lake); drainage improvements (i.e. retention ponds or catch basins); and tornado-safe shelters in manufactured home parks (containing not less than 20 manufactured housing units that are within such proximity of shelter to be of use in a tornado). When in support of any of the above activities, acquisition, clearance, and code enforcement activities may be undertaken.

Water/Wastewater: Activities that are designed to address and resolve a specific problem/need that will contribute to the revitalization of a community or specific target areas that are contiguous and substantial, where there is a concentration of lower income families. Activities given priority are publicly owned water system improvements including, source, treatment, storage and/or distribution improvements; publicly owned sanitary sewer collection and/or treatment system improvements. When in support of any of the above activities, clearance activities may be undertaken.

Funds can be available for each of the three phases: Preliminary Engineering/Pre-development, Final Design engineering, and construction.

Preliminary Engineering/Pre-development. Funds are available for preliminary engineering reports or facility plans that will result in a comprehensive assessment of a community's entire water or sewer system and can reasonably be expected to result in a construction project within two years of the grant award. Reports/Pre-development studies must be reviewed and accepted by Water Wastewater Advisory Committee or appropriate regulatory agencies before the grant is closed out.

Final Design. Communities may be invited to submit an application for final engineering design to include the following items: final engineering design and bid specifications; detailed cost estimates, including all items necessary to complete the project; identification of all permits and approvals necessary to construct the project with a schedule showing a realistic review and approval process for each; maps showing the specific location of the project; environmental review of the project that complies with implementing regulations of HUD; costs for activities leading up to acquisition, such as appraisals; and grant administration. Final design recipients must have regulatory agency approval of plans and specifications before the grant is closed out and before CDBG construction application is submitted.

Construction. Communities may be invited to submit an application for construction activities such as preparation of environmental review, acquisition of real property (only if an option to purchase is secured and effective), bid process, construction of improvements, general administration and legal fees. Projects for water system improvements will be considered only if service connections are metered or if the project will include installation of meters.

When appropriate, a single grant application for both final design and construction may be obtained; however, grantees must have all land acquired, options taken or condemnation proceedings begun, regulatory agency approval of plans and specifications and all bids opened within 12 months of award or CDBG construction funds will be terminated.

C. CDBG National Objective.

Public Works: All activities proposed in applications for CDBG funding in the Public Works subcategory must meet the national objective of benefitting low-and moderate income persons. This includes only the subcategories of LMI Area Benefit or LMI

Limited Clientele. A Public Works project or project activity that fails to meet the national objective of benefitting low-moderate income persons through the LMI Area Benefit or LMI Limited Clientele subcategory is ineligible.

Water Wastewater: All activities proposed in applications for CDBG funding in the Water Wastewater subcategory must meet the national objective of benefitting low-and moderate income persons. This includes only the subcategory of LMI Area Benefit. A Water Wastewater project or project activity that fails to meet the national objective of benefitting low-moderate income persons through the subcategory of LMI Area Benefit is ineligible.

D. Grant Amount and Matching/Leverage

Maximum PW/WW grant amount is \$250,000. The maximum grant amount for a single water or wastewater project includes final design and construction components for a period of five years (applicants cannot separate a project into phases, such as water source in one phase and water storage or distribution in a separate phase or sanitary sewer treatment in one phase and sanitary sewer collection in a separate phase, to apply for more than one grant). The cost per resident beneficiary cannot exceed \$3,000, except for daycare where it cannot exceed \$5,000.

The maximum Preliminary Engineering grant amount is \$30,000 for a community/unincorporated county and \$50,000 for multi-community, countywide or regional report. The Preliminary Engineering Report is financed as a component of the maximum W/WW grant amount; therefore, the CDBG amount for completing the Report reduces the \$250,000 maximum grant amount by the CDBG Report amount. (If the Report is \$25,000 for example, the maximum CDBG amount for final design and construction is reduced to \$225,000).

CDBG funds estimated for distribution are \$1,000,000 for Public Works and \$1,050,000 for Water Waste/Water.

All community development activities require a 25% match (minimum 12.5% non-CDBG cash, in-kind services, contributions) of the total project cost. General Administration activities require no matching funds. General Administration for Preliminary Engineering Reports shall not exceed 7% of the CDBG award or \$1,500 whichever is greater. General Administration for Public Works and Water Wastewater projects shall not exceed \$15,000.

E. Threshold and Review Criteria for Submitting Application Community Development Category/Applicant Submission and Grantee Selection:

Eligible local governments may individually or jointly apply and receive only one grant per year in the Public Works (PW) Category. Eligible local governments may also individually or jointly apply and receive only one grant per year in the Water Wastewater (WW) Category. Projects are to be completed within 24 months following award.

Public Works applications will be submitted as prescribed in the Community Development application guidelines. Public Works applications will be accepted beginning June 20, 2013 through July 1, 2013. Applications will be accepted during this period based on U.S. Postal Service postmark date or date of delivery by other means. If CDBG funding in the Public Works category is not awarded in the first round of application acceptance, the Department may determine, in its sole discretion, to accept a second round of Public Works applications. Should the Department decide to accept a second round, the details and dates of acceptance will be publically announced by the Department.

Water Wastewater applications (Preliminary Engineering, Final Engineering, Construction) will be accepted throughout the year beginning May 1, 2013. A coordinated application process is used to fund priority water wastewater projects. This coordinated application process is accomplished between the following federal and state agencies: U.S. Department of Agriculture Rural Development, the Nebraska Department of Health and Human Services, the Nebraska Department of Environmental Quality and DED.

Threshold requirements must be met prior to review. Applications will not be considered if the following threshold requirements are not met:

- applicant is eligible;
- applicant for multi-jurisdictional application is a direct participant in the study/project, can not serve only as a pass through for CDBG funds or only as the general administrator;
- activities are eligible and comply with national CDBG objectives and state CDBG priorities;
- applicant has no significant, unresolved audit finding;
- applicant has no legal actions under way that may significantly impact its capacity;
- applicant is following a detailed citizen participation plan and anti-displacement plan;
- applicant has adopted authorizing participation resolution;
- applicant must have addressed and cleared all compliance problems (i.e. Davis-Bacon, acquisition, fair housing, etc.), if any, from past awards and have a recorded response accepted by DED;
- applicant is current with all reporting requirements (semiannual status reports, closeout reports, audit reports, notification of annual audits, etc.);
- PW applicant meets minimum selection criteria scores of 5 points for needs identification[if not met, application is not reviewed further], and 50 points for impact of activities on identified needs;
- applicant must have DED approve the method and determination for meeting the national CDBG objective for benefit to low and-moderate income (LMI) persons before application submission;

- 2013 applicant has drawn down 90% of any 2011 CDBG funds and 100% of any 2010 or prior year CDBG funds (this requirement excludes Economic Development and Tourism Development CDBG funds);
- applicant does not have an open Comprehensive Revitalization grant.
- applicant must have land acquired or at a minimum, an option to purchase (with completion date of the sale before any CDBG funds are released), prior to submitting an application; and
- Applicant activities are not included or not located within the designated area for an applicant's open Downtown Revitalization grant.

The percentage for funds drawn down shall be figured by DED based on the final application acceptance date, except when an applicant is awarded funds after initial award date, obligated and drawn down funds shall be based on a proportionate number of months lapsed since initial grant award. DED shall contact an applicant if additional information is required.

Public Works applicants meeting threshold requirements are reviewed by DED on a competitive basis according to the Selection Criteria Matrix. Applicants ranking highest in competitive order shall be selected for funding subject to the amount of funds available for each priority.

Public Works - Selection Criteria Matrix

The matrix below delineates each selection criterion as a numerical score applied to Public Works. The minimum threshold scores are: 10 points for needs identification and 50 points for project impact. If the minimum score of 10 points for needs identification is not met, the application is not reviewed further.

<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>	<u>(5)</u>	<u>(6)</u>	<u>(7)</u>	<u>(8)</u>	
CNF	Citizen Participation	Project Need	Project Impact	Project Readiness	LMI Benefit	Local Effort	Leverage	TOTAL
80	50	100	100	100	70	100	50	650
0	10 minimum	40 minimum	40 minimum	40 minimum	0	0	0	130 minimum

1. **Community Need Factors (CNF):** Scoring on four statistical factors (each valued at 0, 5, 10, 15, or 20 points) that measure the applicant's economic distress: (a) population change, based on the applicant's percent change in population from 1990 to the most current year for which the U.S. Bureau of the Census has reported a count or estimate compared to the statewide percent change in population; (b) income, based on the most recent estimate of per capita income for the applicant reported by the U.S. Bureau of the Census compared to the state per capita income; (c) unemployment, based on the most recent unemployment rate of the applicant's county reported by the Nebraska Department of Labor

compared to the state average unemployment rate; and (d) retail sales change, based on the applicant's percent change in net taxable sales from 1990 to the most recent year reported by the Nebraska Department of Revenue compared to the state percent change in net taxable sales. With a maximum score of 20 points on each of the four factors, the maximum possible total CNF total score for an applicant is 80. The CNF scoring categories based on the most current data as of this writing included the following:

SCORING CATEGORIES FOR COMMUNITY NEEDS FACTORS

<u>Population Change, 1990 - 2010 (State Increased 15.7%)</u>	<u>2010 Per Capita Income as Percent of State Average</u>	<u>2011 County Unemployment Rate as Percent of State Average</u>	<u>Net Taxable Sales Change, 1990 - 2010 (State Increased 115.5%)</u>
>=15.7%	0	>=100.0%	0
0.7% - 15.6%	5	100.1% to 133.3%	5
(14.2)% - 0.6%	10	133.4% to 166.6%	10
(29.1)% - (14.3)%	15	167.7% to 199.9%	15
<=(29.2)%	20	>=200.0%	20

Population Change. To receive any points in the population change category, an applicant must have a population increase less the statewide average percent increase. From 1990 to 2010, the state population increase was 15.7 percent. To receive the maximum of 20 points in this category, an applicant must have a decrease in population greater than that of the Nebraska County with the greatest percent decrease in population. From 1990 to 2010, Blaine County had the highest percent decrease at -29.2 percent.

Income. To receive any points in the income category, an applicant must have a per capita income less than the state average. In 2010 according to the U.S. Bureau of the Census the state per capita income was \$25,229. To receive the maximum of 20 points in this category, an applicant must have a per capita income less than 70 percent of the state average.

Unemployment. To receive any points in the unemployment category, an applicant must be in a county with an unemployment rate greater than the state average. In 2011, the state unemployment rate was 4.2 percent. To receive the maximum of 20 points in this category, an applicant must be in a county with an unemployment rate at least double the state average.

Retail Sales Change. To receive any points in the retail sales category, an applicant must have an increase in net taxable sales less than the state percent increase. From 1990 to 2010, net taxable sales in the state increased 115.5 percent. To receive the maximum of 20 points in this category, an applicant must have a decrease in net taxable sales greater than that of the Nebraska county with the greatest percent

decrease in net taxable sales. From 1990 to 2010, Blaine County had the highest decrease at -48.6 percent.

2. **Citizen Participation:** 50 points possible. Applicant's description of public participation and the process used to identify community needs and allocate resources to address needs will be compared to other applicants with: 5 points for each. **If minimum of 10 points is not met, the application will not be reviewed further.** 1) The community has completed a comprehensive community needs assessment process including citizen participation. The process includes but is not limited to developing and distributing community attitude surveys, holding public meetings to develop community priorities and involving local groups and organizations to develop community priorities. 2) Activities must have been completed in the last three years prior to the date of the application submission. 3) The community has identified and prioritized survey results from the needs assessment process. 4) The community has been involved in developing ongoing community action plans for short and long-term projects (*Action plans must include strategies/goals, action tasks, timelines, estimated financial assistance needed, potential sources of assistance, and responsible parties to oversee goal progress.*). 5) Community must also show significant community and economic development efforts with citizen participation within the last three to five years as a result of community needs assessments, participation, and planning efforts. 6) The community must show evidence of a broad base of projects and/or programs that have been implemented and completed within the last three to five years. 7) The community has adopted or updated a comprehensive plan, housing study and/or capital improvement plan within the last five to seven years. 8) The community can show evidence of other economic or community initiatives such as implementing LB840; or 10) completing a business retention and expansion survey for the community.
3. **PROJECT NEED:** 100 points possible. For each category please provide specific detail to support your response. **If minimum of 40 points is not met, the application will not be reviewed further.** 0 points - less serious problems (i.e. facility needs functional improvements like kitchen or parking, minor code violations, expanding access, repair due to pending highway construction, etc.); 25 points - health & safety threat to users; 10 points - facility not physically accessible; 5 points - undersized or lacking space; 10 points - infiltration and inflow or decrepit distribution lines; 25 points - severe and widespread problems exist in service area (i.e. no facility or cannot house or will lose a basic program/service; 10 points - no similar facility or service within reasonable distance; 15 points - significant structural problems.
4. **PROJECT IMPACT:** 100 points possible. For each category please provide specific detail to support your response. **If minimum of 40 points is not met, the application will not be reviewed further.** 0 points - the activity or application does not clearly address the identified need(s); 25 points - long term design life; 25 points - maintenance capacity; 25 points - duplication of activity; 15 points - community support; 10 points - business support.

5. **PROJECT READINESS:** 100 points possible. For each category please provide specific detail to support your response. **If minimum of 40 points is not met, the application will not be reviewed further.** 0 points - little preliminary work is done on project, site or financing, unrealistic or unclear construction timetable, etc; 25 points – environmental review has been completed; 15 points – realistic timetable; 10 points – preliminary work substantially complete; 10 points – financial resources investigated; 10 points – financial resources pending (provide supporting documentation); 5 points – availability of optional site(s); 5 points – feasibility and cost estimates reliable; 10 points – match/non-CDBG funding committed; 10 points – project is construction ready.

6. **LMI Benefit:** projects that primarily benefit low and moderate-income (LMI) persons will be scored up to 70 points based on the median percentage of LMI persons benefiting and the median number of LMI persons benefiting as compared to all LMI applicants with: (a) 40 points for at or above the median percentage of LMI persons benefiting and 20 points for below the median and greater than 55% LMI persons benefiting (0 points below 55% LMI) and (b) 30 points for at or above the median number of LMI persons benefiting and 0 points for below the median number of LMI persons benefiting. The median is the middle piece of data when those data are placed in numerical order. (Maximum 70 points, no minimum threshold).

7. **Local Effort Factor:** The measure of an applicant's fiscal effort to maintain and improve its public facilities through local government tax revenues. The local effort factor is calculated as follows: divide the latest complete fiscal year local government tax revenues, including local sales tax revenues, by the product of the applicant's most recent counted or estimated population reported by the U.S. Bureau of the Census and the applicant's most recent per capita income. The local effort formula is: Local Effort Factor = Local Government Revenue / (Population x Per Capita Income).

The local effort scores of applicants within a CDBG Community Development priority are calculated based on the median local effort factor for those applicants. Applicants are competitively scored only with those in the same priority. The local effort score for each applicant is calculated by first determining the result for the following formula: $x = (\text{Local Effort Factor} / \text{Median}) \times 50$. The result of this formula is the local effort score for the applicant if less than 100; if not, the local effort score is 100, the maximum possible local effort score allowed for applicants.

8. **Leverage:** Local and other funds or in-kind contributions committed to the project's activities that exceed the required match. Leverage is scored based on two points per percentage that exceeds the required match. (Maximum 50 points, no minimum threshold).

Preliminary Engineering/Pre-development Selection. Communities intending to receive funds for a Preliminary Engineering Report or Facility Pre-development study must submit a full application to DED. Following technical review of the proposed Report/Study by an interagency team and any necessary clarification, DED will review suitable applications for the following items on a meets/doesn't meet criteria.

- Need for project: Description of the need faced by current residents, explanation of how need determined, description of community/area being served, and analysis that indicates meeting CDBG LMA national objective.
- Impact of the project: Description of the report/plan to be provided. This section must include the engineer that will conduct the study. (Application must demonstrate that Engineer is properly appointed or procured).
- Outcomes and evaluation: Local government must certify that the Preliminary Engineering Report will follow the Guide developed by the Water Wastewater Advisory Committee (WWAC), or for Facility Plans, that it will follow guidance from the Department of Environmental Quality. (The grant contract will require review and acceptance by the appropriate regulatory agency or WWAC before the grantee accepts the final product. If the final product is not approved, costs for the report/study will be disallowed).
- Scope of Work and budget: Statement of the process for conducting the study and a financial budget. Include a description of the work tasks to be performed resulting in the completion of an approvable report/study, a schedule for completion of work tasks and outputs, and an estimate of hours to complete work tasks. Commitment by local government to proceed and complete study in a timely manner based on timeline.

Selection is based on the eligible applicant successfully meeting all four items. The application must document compliance with national objective of benefiting low and moderate-income persons. Awards will be reserved until December 30, 2013 for projects scoring 85 or more points on the Drinking Water State Revolving Fund (DWSRF) and 55 or more points on the Clean Water State Revolving Fund (CWSRF) priority systems, after January 1, 2014. CDBG funds may be considered for lower priority projects if funds remain available.

Potential Water Wastewater applicants for final design or construction must submit a pre-application consisting of a cover sheet and a preliminary engineering report. An interagency team will concurrently review the engineering report within 60 days of submission for technical, operational, and financial aspects of the project. Substantive concerns must be addressed before the interagency team will recommend logical funding sources to which a full application should be submitted. Each funding agency will follow its own full application process.

Water Wastewater applicants will be reviewed by DED according to the following threshold factors before a CDBG application is invited: 1) priority ranking as determined by Drinking Water State Revolving Fund (DWSRF) or Clean Water State Revolving Fund (CWSRF) priority system (invitations will be reserved until December 30 for projects scoring 85 or more points on the DWSRF and 55 or more points on the CWSRF, after January 1, 2014 CDBG funds may be considered for lower priority projects if funds

remain available); 2) appropriateness and completeness of solution in terms of size, capacity and demand for the community as well as technical, operational and financial aspects of the project (solutions must alleviate high priority needs, reasonably projected average residential user fee must exceed \$20/month after grant assistance); and 3) readiness to promptly start and complete construction to include, but not be limited to, verification of reliable water source if applicable, status of plans and specifications, and commitment of non-CDBG funds to complete the project.

Ties shall be broken for Preliminary Engineering Reports and Water Wastewater projects when two or more projects: a) have equivalent State Revolving Fund priority ranking, b) propose appropriate solutions, c) are ready to promptly start and complete activities, and d) adequate CDBG funding for all projects is not available. The community with the highest percent of low- and moderate-income persons shall have priority.

Applications recommended for approval through these processes will be presented to DED's Director and to the office of the Governor for a grant award. The DED Director has the authority to ask for reconsideration of recommended project awards to assure compliance with the submission and selection criteria. The Department will send a formal Notice of Approval letter to the applicant community receiving application approval.

THE REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

Planning Funding Category

A. Planning Category – State Objective

The purpose of the Planning Category is to provide communities the opportunity to solve problems and meet citizen needs through a community planning process that assesses community development needs, develops options for meeting those needs, and packages work plans or carries out processes that lead to successful projects.

B. How and What Projects May be Assisted & Distribution of Planning Category Funds

DED will award grants under the Planning Category to eligible local governments to carry out local and regional planning activities (strategic or special projects) meeting the national and state CDBG objectives. These plans should lead to project financing through other categories in the CDBG Program or funding solutions through other federal/state/local/nonprofit entities or a combination of various funding resources. In general, eligible planning activities include: studies, analysis, data gathering, identification of implementation actions, and preparation of plans. These planning projects include:

- Community strategic planning; such as: environmental scan, needs assessment, citizen participation, downtown revitalization, and fiscal management.
- Analyses of impediments and barriers to fair housing choice.
- Neighborhood/comprehensive/strategic development plans.
- Functional or special studies for: housing, infrastructure, community economic development, land use/ regulatory measures, business park site/location/use feasibility study, main street improvement district, downtown revitalization, energy conservation and transportation.
- Environmental, heritage tourism, and historic preservation studies.
- Pre-engineering studies for publicly owned water/wastewater projects.

Ineligible activities include: engineering, architectural and design work related to a specific activity; implementation of the plan; operating costs for an organization; and the preparation of a CDBG application.

C. CDBG National Objective.

All activities proposed in applications for CDBG funding in the Planning Category must meet one of the national objectives of either (1) benefitting low-and moderate income persons (through the subcategories of LMI Area Benefit, LMI Limited Clientele, or LMI Housing); or (2) aiding in the prevention or elimination of slums or blight. A project or project activity that fails to meet one of these specified national objectives is ineligible.

D. Grant Amount and Matching/Leverage

No more than 60% of CDBG funds allocated will be awarded from the first application cycle. Maximum grant is \$30,000 per community/unincorporated county. Maximum grant for multi-community, countywide, or regional planning projects may not exceed \$50,000. There is an estimated \$350,000 reserved for planning projects out of the 2013 Community Development Block Grant allocation.

All planning activities require a 25% match (minimum 12.5% non-CDBG cash, in-kind services, contributions) of the total project cost. General administration activities require no matching funds. General administration activities shall not exceed 7% of the CDBG funds awarded or \$1,500, whichever is greater.

E. Threshold and Review Criteria for Submitting Applications

Eligible local governments may individually or jointly apply and receive more than one grant per cycle in the Planning Category. The applicant local government in multi-jurisdictional application must also be a direct participant in the study/project. The applicant local government cannot serve only as a pass through for CDBG funds or only as the general administrator of the study/project. All municipalities must be involved with the same project, which addresses a common issue. The product can, however, be packaged to meet individual municipal or county needs. There must be a product for the regional study and each municipality or county may have its own product that addresses local recommendations, strategies, or needs as an example. Projects are to be completed within twenty-four (24) months following award.

Applications will be submitted as prescribed in the CDBG application guidelines. Applications will be accepted during three cycles. The first cycle is March 29, 2013 through April 12, 2013 and the second cycle is October 18, 2013 through November 1, 2013. The third cycle is an open cycle and applications will be accepted once the second cycle applications have been awarded, and will continue until, the beginning of the first application cycle of Program Year 2014, or until CDBG Planning Category funds are depleted, whichever comes first. No more than 60% of the 2013 allocation will be awarded in the first application cycle.

Applications will be accepted during these periods based on U.S. Postal Service postmark date or date of delivery by other means. Applications not funded during the cycle may be carried over to the next 2013 cycle at the request of the applicant or may be resubmitted during the next 2013 -application cycle.

Threshold Requirements

Applications will be returned and not considered if they fail to meet any of the following threshold requirements prior to review:

- applicant is eligible;

- applicant for multi-jurisdictional application is a direct participant in the study/project, can not serve only as a pass through for CDBG funds or only as the general administrator;
- multi-jurisdictional applicants are involved with the same project which addresses a common need. The regional study has a product, each municipality or county may have its own product that addresses local recommendations, strategies, or needs as an example;
- activities are eligible and comply with national CDBG objectives and state CDBG priorities;
- applicant has no significant, unresolved audit finding;
- applicant has no legal actions under way that may significantly impact its capacity;
- applicant is following a detailed citizen participation plan and anti-displacement plan;
- applicant has adopted authorizing participation resolution; and
- applicant must have addressed and cleared all compliance problems (i.e. Davis-Bacon, acquisition, fair housing, etc.), if any, from past awards and have responses accepted by DED;
- applicant is current with all reporting requirements (semiannual status reports, closeout reports, audit reports, notification of annual audit reports, etc.)
- applicant meets minimum selection criteria score of 400 points (includes no criterion with a 0 score; except for leverage).
- applicant must have DED approve the method and determination for meeting the national CDBG objective for benefit to low and-moderate income (LMI) persons before application submission; and
- 2013 applicant has drawn down 90% of any 2011 CDBG grant and 100% of any 2010 or prior year CDBG grant (this requirement excludes Economic Development, Tourism Development, and Comprehensive Revitalization CDBG funds).

The percentage for funds drawn down shall be figured by DED based on the final application acceptance date, except when an applicant is awarded funds after initial award date, obligated and drawn down funds shall be based on a proportionate number of months lapsed since initial grant award. DED shall contact an applicant if additional information is required.

Application Process

Applicants meeting threshold requirements are reviewed by DED on a competitive basis according to the Selection Criteria Matrix for the 2012 Planning Category. Applicants ranking highest in competitive order shall be selected for funding, subject to the amount of funds available.

Applications recommended for approval through these processes will be presented to DED's director and to the office of the Governor for grant award. The DED director has the authority to ask for reconsideration of recommended project awards to assure

compliance with the submission and selection criteria. The Department will send a formal Notice of Approval letter to the applicant community receiving application approval.

Selection Criteria

This matrix delineates each selection criterion as a numerical score applied to the Planning Category. The minimum total threshold score is 400 points (including no criterion with 0 points scored; except for LMI benefit and leverage). Each selection criterion includes a separate minimum threshold score for qualifying the application. All selection criteria will be scored in five point increments. Each selection criterion shall be scored on a scale.

(1)	(2)	(3)	(4)	(5)	(6)	
PROBLEM STATEMENT	IMPACT	STRATEGY/ WORK PLAN	LMI Benefit	LEVERAGE	SUSTAINABILITY (BONUS)	TOTAL (MAX)
250	300	300	70	50	30	970 (1,000)
100 min.	150 min.	150 min.	0	0	NA	400 min.

1. Problem Statement –the significance of the stated problem will be scored as compared to other applicants with: 0-75 no problem, 80-150 minor problems, and 155-250-major problems. The three criteria are scored for: (a) explanations of the overall purpose on the project application and factual information that illustrates the severity of the community's problems up to 125 points; (b) past efforts to resolve the problem and meet community needs up to 50 points; and (c) stated goals and objectives for resolving the problem statement with a description of how the community was included in the citizen participation process to determine the objectives for problem resolution up to 75 points. (Maximum 250 points with a minimum threshold 100 point).
2. Impact –the impact of the problem solution will be scored as compared to other applicants with: 0-75 inadequate, 75-150 average, and 155 –300 above average. The four criteria are scored for: (a) description of the alternatives considered to deal with the need(s) and the rationale for selecting the proposed solution up to 50 points; (b) description of the proposed project in measurable units, the degree to which these accomplishments will reduce or eliminate the need(s), and any plans to eliminate what needs remain up to 125 points; and (c) indication of whether there has been a formal study/report completed that recommends the proposed solution, and if so, who completed it and when up to 25 points. (d) demonstration of the capacity and commitment to successfully implement changes or projects as a result of the planning process up to 50 points.(Maximum 300 points with a minimum threshold of 150 points).
3. Strategy/Work Plan – the project planning strategy for problem solution and community impact will be scored as compared to other applicants with: 0-45 inadequate, 50-95 below average, 100-145 average, 150- 225-above average, and

230-300 more than adequate. The following seven criteria will be scored on a maximum of 50 points per each: (a) detailed description of the planning activities and the methods for achieving goals and objectives; (b) Provide a work plan and narrative that lists and describes the activities and tasks, time frames, products, or outcomes, and key parties responsible for completing each activity (c) description of the project outcome as expected in measurable terms; (d) outline and scheduling (timeline) of how broad-based community involvement/awareness will be included in the process for the CDBG planning project; and (e) how the completed planning activities will benefit the community, especially low and moderate-income and special needs persons. (f) provide a budget and narrative that illustrates projected expenses, and links these expenses to the sources of funding, including the relationship of the CDBG Planning project to other funding sources and explains how expenses were determined. (Maximum 300 points with a minimum threshold of 150 points).

4. LMI Benefit— projects that primarily benefit low and moderate-income (LMI) persons will be scored up to 70 points based on the median **percentage** of LMI persons benefiting and the median **number** of LMI persons benefiting as compared to all applicants with: (a) 40 points for at or above the median percentage of LMI persons benefiting and 20 points for below the median and greater than 55% of LMI persons benefiting with 0 points below 55% and (b) 30 points for at or above the median number of LMI persons benefiting and 0 points for below the median of LMI persons benefiting. The median is the middle piece of data when the data is placed in numerical order. (Maximum 70 points, no minimum threshold).
5. Leverage – local and other funds or in-kind contributions committed to the project’s activities that exceed the required match. Leverage is scored based on two points per percentage that exceeds the required match. (Maximum 50 points, no minimum threshold).
6. Sustainability (Bonus) – Bonus points will be awarded for applicants that can demonstrate that planning projects will (a) promote energy efficiency throughout the community and project area 10 points (b) reduce inefficiencies throughout the community in relation to; budget, operations, and project implementations 10 points (c) promote environmental stewardship 10 points (Maximum 30 Bonus points, no minimum threshold)

Downtown Revitalization Funding Category

A. Downtown Revitalization Category – State Objective:

The purpose of the Downtown Revitalization Category is to provide for investments in Nebraska Communities that will contribute to the revitalization or redevelopment of downtown infrastructure, health and safety concerns, and develop a greater capacity for growth. This provides a sound basis for fostering local economic development. This recognizes the importance of the condition and viability of a downtown to increase the community's tax base and create a center for community activity which is directly related to business expansion and location decisions. Activities will assist communities to carry out a comprehensive downtown revitalization pre-development study to stabilize and enhance clearly defined downtown areas that will provide a benefit to low/moderate income residents of the community or aid in the elimination of substandard or blighted structures and areas in the downtown.

B. How and What Projects May be Assisted:

Distribution of Downtown Revitalization Category Funds:

DED will award CDBG grants under the Downtown Revitalization Category to eligible local governments to carry out pre-development studies and downtown revitalization projects that meet required national and state CDBG objectives. Projects will be carried out in two phases, first a pre-development phase which will result in the completion of a well defined, comprehensive pre-development study that defines a series of specific desired outcomes with goals and action steps for improvements to a defined downtown business district.

The second phase will be awarded, after the successful completion and approval by DED of the downtown revitalization pre-development study; to implement physical projects or loan programs identified in the downtown revitalization pre-development study. The pre-development study must be submitted with the required application to receive an award for Phase II activities. CDBG funds for Phase II are reserved for communities that were selected to complete Phase I for Downtown Revitalization Projects.

Eligible Applicants include every Nebraska incorporated municipality with a population of less than 50,000. See the "Threshold Requirements" for specific thresholds that are also considered in determining eligibility.

Eligible Activities generally include:

- Pre-development studies
- All public facility and infrastructure activities that are also eligible under the "Community Development Public Works Category" of the Nebraska CDBG

Program that are located in the downtown business district or downtown redevelopment district. Activities may include but are not limited to street improvements including curb, gutter, and sidewalk, which may include energy efficiency improvements for lighting; storm sewer improvements; flood control drainage improvements; removal of architectural barriers; and single or multiuse facility improvements that are designed to provide public recreational and social activities; removal of architectural barriers that restrict accessibility for elderly and handicapped persons in support of public facilities/infrastructure, which includes buildings used predominantly for the general conduct of government

- Loans to businesses located in the designated downtown business district for façade improvements, which may include energy efficiency improvements
- Loans to businesses located in the designated downtown business district to improve deficiencies in meeting community codes, which may include energy efficiency improvements
- Acquisition, clearance, and code enforcement activities which support other revitalization activities
- Historic restoration, rehabilitation and preservation for physical structures and infrastructure in a defined downtown business district

Ineligible Activities generally include:

- Buildings, or portions thereof, used predominantly for the general conduct of government cannot be assisted with CDBG funds.
- General government expenses cannot be paid with CDBG funds, except for documented local government administration of the CDBG project.
- CDBG funds cannot be used to pay for facilities or equipment used for political purposes or to engage in other political activities
- The purchase of equipment with CDBG funds is generally ineligible
- The general rule is that any expense associated with repairing, operating or maintaining public facilities, improvements and services is ineligible.

Compliance with CDBG National Objective Requirements

All project activities must meet one of two national objectives of the CDBG program. The two national objectives are:

- Benefiting low-to-moderate (LMI) income persons
- Aiding in the prevention or elimination of slums or blight

In the CDBG Downtown Revitalization Category portion of the CDBG program of the Department all projects in a given program year are funded through meeting the two CDBG Program national objectives cited above, namely, benefiting LMI persons or aiding in the prevention or elimination of slums or blight. In turn, that LMI benefit will serve persons on an area wide basis, or serve a limited clientele as defined by HUD, and the prevention or elimination of slums and blight will be determined on an area or spot basis.

C. CDBG National Objective.

All activities proposed in applications for CDBG funding in the Downtown Revitalization Category must meet one of the national objectives of either (1) benefiting low-and moderate income persons (through the subcategories of LMI Area Benefit or LMI Limited Clientele); or (2) aiding in the prevention or elimination of slums or blight. A project or project activity that fails to meet one of these specified national objectives is ineligible.

D. Grant Amount and Matching/Leverage

Maximum grant amount for Phase I (pre-development) activities are \$30,000 per community. Pre-development activities undertaken to complete Phase I for Downtown Revitalization require a 25% match. At a maximum, no more than one-half of the total project match may be in-kind source contributions. And at a minimum, at least one-half of the total project match must be non-CDBG cash contributions, of the total project costs (pre-development). General administration activities require no matching funds. General administration activities shall not exceed 7% of the CDBG funds awarded or \$1,500 whichever is greater.

Maximum grant amount for Phase II (project implementation) activities is up to \$350,000 per community. Downtown Revitalization activities require a 25% match. At a maximum, no more than one-half of the total project match may be in-kind source contributions. And at a minimum, at least one-half of the total project match must be non-CDBG cash contributions. General administration activities do not require matching funds. General administration activities shall not exceed 6% of the CDBG funds awarded.

CDBG funds allocated for distribution are estimated at \$100,000 for planning activities (Phase I) and \$1,000,000 for downtown revitalization project implementation (Phase II).

E. Threshold Criteria for Submitting Phase I Applications and Phase II Applications

Eligible local governments may apply individually for Phase I (downtown pre-development activities). Phase II funding is reserved for communities who have been selected to complete Phase I. Phase II applications must be submitted with a completed downtown revitalization pre-development study and a proposed project to be implemented to be eligible for Phase II funding. Local governments must successfully complete Phase II of a downtown revitalization project before they will be eligible to apply for additional funds through the Downtown Revitalization Category. Following award, projects are to be completed within nine (9) months for Phase I and 24 months for Phase II.

Downtown Revitalization pre-applications and applications will be submitted as prescribed in the Downtown Revitalization application guidelines. Pre-Applications

for Phase I Downtown Revitalization Planning Activities will be accepted beginning March 15 through March 29, 2013. Phase II Applications will be accepted March 14 through March 28, 2014. Pre-applications and Applications will be accepted during these periods based on U.S. Postal Service postmark date or date of delivery by other means. If CDBG funding in the Downtown Revitalization category is not awarded in the first round of application acceptance, or CDBG funds are available in other Community Development categories, the Department may determine, in its sole discretion, to accept a second round of Downtown Revitalization applications. Should the Department decide to accept a second round, the thresholds and details along with the dates of acceptance will be publically announced by DED.

Threshold Requirements for Applicant Eligibility

DED will select communities through a competitive pre-application process to participate in the Downtown Revitalization Category. To be eligible to participate in the competitive process, applicants must meet two threshold criteria, which include:

- applicant is designated as an Economic Development Certified Community (for a complete list of designated EDC communities, visit: <http://www.neded.org/economic-development-certified-community/certified-communities>

or

applicant is a designated Leadership Community, to apply, visit:

<http://www.neded.org/community/community-info/community-improvement/leadership-community> and

- applicant has adopted a comprehensive plan, zoning and subdivision ordinances, building codes, code enforcement, and a building permit process.

Additional Threshold Requirements for Pre-Application Review

- activities proposed are eligible and comply with national CDBG objectives and State CDBG priorities;
- applicant has no significant, unresolved audit finding;
- applicant has no legal actions under way that may significantly impact its capacity;
- applicant is following a detailed citizen participation plan and anti-displacement plan;
- applicant has adopted authorizing participation resolution;
- applicant must have addressed and cleared all compliance problems (i.e. Davis Bacon, acquisition, fair housing, etc.), if any, from past awards and have response accepted by DED;
- applicant is current with all reporting requirements (semiannual status reports, closeout reports, audit reports, notification of annual audits, etc.); and

- applicant has drawn down 90% of any 2011 CDBG grant and 100% of any 2010 or prior year CDBG grant (this requirement excludes Comprehensive Revitalization, Economic Development, Planning, and Tourism Development CDBG funds)

F. Review Criteria for Submitting Pre-Applications and Applications

Applicants meeting required thresholds for eligibility and review may submit a Phase I application by the deadline, March 29, 2013. Phase I applications will be reviewed using the below scoring matrix. The highest scoring applicants, who also meet all required thresholds, will be awarded up to \$30,000 to initiate Phase I (pre-development) of the Downtown Revitalization Program. Phase II funds for Downtown Revitalization are reserved for the initial communities selected for Phase I, however submission of a application and completed downtown revitalization pre-development study are required to receive Phase II funds.

Phase I Application Scoring Matrix

The Matrix below delineates each selection criterion as a numerical score applied to the Downtown Revitalization Funding Category. The minimum total threshold score is 400 points (including no criterion with 0 points scored; except for Bonus Points). The minimum total threshold score is not a totaling of all minimum selection criterion score. Each selection criterion includes a separate minimum threshold score for qualifying the application. All selection criteria will be scored in five point increments. Each selection criterion shall be scored on a scale.

(1)	(2)	(3)	(4)	(5)	(6)	
Problem Statement	Leverage / Financial Commitment	Business and Community Support	Capacity/ Commitment	On-Site Review	Bonus Points	TOTAL
175	150	150	225	150	30	880
50 min	50 min	50 min	75 min	50 min	NA	400 min

1. **Problem Statement** –the significance of the stated problem will be scored as compared to other applicants with: 0-50 no problem, 55-95-minor problems, and 100-175-major problems. The three criteria are scored for: (a) explanations of the overall purpose on the project application and factual information that illustrates the severity of the downtown problems up to 75 points; (b) past efforts to resolve the problem and meet downtown needs up to 50 points; and (c) stated goals and objectives for resolving the problem statement with a description of how the community will be included in the citizen participation process to determine the objectives for problem resolution up to 50 points. (Maximum 175 points with a minimum threshold of 50 points. Applicant must score 50 points or more to be considered competitive for rating and ranking for CDBG funding.).
2. **Leverage / Financial Support**- the level of financial support (public and/or private) already committed to the project (for both Phase I and Phase II) will be compared to

other applicants with: 0-50 below average – lack of cash on hand or committed; average; 51-100 average – a solid commitment of cash that meets match requirements; and 101-150 above average – cash on deposit or otherwise secured that meets match requirements. (Maximum 150 points with a minimum threshold of 50 points. Applicant must score 50 points or more to be considered competitive for rating and ranking for CDBG funding.).

3. **Business Community Support** – The level of commitment and support from the local business community will be compared to other applicants with 0-50 below average – no evidence, or little evidence from the business community to commit and support downtown revitalization efforts; average; 51-100 average – a solid commitment from the business community to commit and support downtown revitalization efforts including support letters, or other evidence that identifies business support; and 101-150 above average – Business community support letters, financial commitment from businesses in the core business district, other business support outside of the core business district, a Redevelopment Authority or other community organization structure is operational and functioning to support downtown revitalization (Maximum 150 points with a minimum threshold of 50 points. Applicant must score 50 points or more to be considered competitive for rating and ranking for CDBG funding.).
4. **Capacity / Commitment** – The level of capacity and commitment by the applicant will be compared to other applicants with 0-75 below average – lack of local staff or ability to oversee the revitalization efforts from planning to the implementation of the physical project, no evidence of commitment to proceed with a physical project after Phase I is complete, no active code enforcement in place; 75-150 average – local capacity demonstrated through past projects, past downtown and community improvement efforts, citizen participation, and evidence of commitment to proceed with a physical project after the successful completion of a downtown revitalization plan and demonstrated active code enforcement is in place; 151-225 above average – Local capacity demonstrated through past improvement efforts, citizen participation, evidence of commitment to proceed with a physical project after the successful completion of a downtown revitalization plan, active code enforcement in place, and demonstrated organized groups, organizations, efforts dedicated to downtown development,. (Maximum 225 points with a minimum threshold of 75 points. Applicant must score 75 points or more to be considered competitive for rating and ranking for CDBG funding).
5. **On-Site Review** – The level of project need and impact based on an onsite review conducted by the DED Review Team will be compared to other applicants with 0-50 below average – less serious problems exist in the downtown, little or no substandard conditions exist, infrastructure is in good/excellent condition, downtown structures are in good/excellent condition, little or no physical or economic blight identified; 51-100 average – *moderately serious problems exist in the downtown district, less than 25% of the properties in the project area exist in the state of physical and/or economic blight, infrastructure problems exist (deteriorating streets, hazardous sidewalks, accessibility, drainage, etc), façade improvement needed, vacancies exist;*

100-150 above average – serious problems exist in the downtown district, 25% or more of the properties in the project area are physically blighted, vacancies exist, physical and economic blight prevalent, (*Physical Blight is the deteriorated conditions or states of disrepair of district infrastructure, buildings, and other physical elements which detracts from the overall appearance and identity of the district and, in turn, depress property values and the ability to market and attract investment; Economic blight is the existence of vacant, disinvested, or underutilized buildings and parcels which represent unrealized commercial potential and project a negative image that harms efforts to attract new investment.*) (Maximum 150 points with a minimum threshold of 50 points. Applicant must score 50 points or more to be considered competitive for rating and ranking for CDBG funding.).

6. **Bonus Points** – Bonus points will be awarded as follows for applicants that can demonstrate any of the following at the time of the submittal of the Pre-Application:
- a. Have participated in the Nebraska Community Improvement Program with the submission of a project or program anytime in the last three years. **10 bonus points**
 - b. Are a Certified Nebraska Main Street Community or a Nebraska Main Street Community Participant (membership participation only not included); or can demonstrate some other downtown planning organization model that is active and implemented. **10 bonus points**
 - c. A Redevelopment Authority or other downtown/business/community organization structure is operational and functioning in the community. **10 bonus points**

G. Summary of Milestones/Timeline

Milestone Summary	Dates
Pre-Development Phase I submitted to DED	March 29,2013
DED Conducts Site Visits	April/May 2013
Communities Selected/Awarded Phase I Downtown Revitalization	June 1,2012
Selected Communities Conduct Phase I - DTR (9 months)	June 2013-March 2014
Submit Downtown Revitalization Phase I product and Phase II Application for the proposed project activities to DED	March 28, 2014
Contract Negotiations conducted between DED and Applicant Communities	February/March 2014
CDBG Awarded for Phase II: Downtown Revitalization Project Activities (Implementation of downtown revitalization plan; 2 yr contract)	April 2014

Section Five: Economic Development Priority

Foster the competitiveness of Nebraska's business and industrial sector—and as a result—assist in the economic development of Nebraska's communities and people.

Economic Development Priority Statement & Objectives

ECONOMIC DEVELOPMENT PRIORITY: FOSTER THE COMPETITIVENESS OF NEBRASKA’S BUSINESS AND INDUSTRIAL SECTOR—AND AS A RESULT—ASSIST IN THE ECONOMIC DEVELOPMENT OF NEBRASKA’S COMMUNITIES AND PEOPLE.

The State of Nebraska’s Objectives developed to meet the Economic Development Priority include:

Objective One: Promote the retention and expansion of existing businesses in Nebraska, and the startup of new businesses in Nebraska, and the immigration of out-of-state businesses relocating or expanding into Nebraska.

Objective Two: Invest in public facilities and improvement activities that make economic opportunities available to low and moderate income persons.

Objective Three: Invest in effective and affordable tourist attractions (for profit or nonprofit) in quality communities that will result in visitor spending, generate jobs, and promote long-term economic development.

Objective Four: Undertake planning activities that may include but are not limited to: a feasibility study, an environmental review, preliminary site planning, site predevelopment, market analysis and a marketing plan; all in preparation for a larger project.

Background

The primary objective of this priority is to develop viable communities and counties by expanding economic opportunities, principally for low and moderate income (LMI) persons. The state CDBG objective of the Economic Development category is to support businesses that expand the state’s economic base and create quality jobs for persons in the low and moderate-income levels.

The following is a report on the activities the state plans to undertake during the next year to target economic development activities for CDBG funds. The CDBG allocations for economic development are structured around economic and business development. Resources must be addressed to serious problems affecting the local economic base. These include loss of population in most counties and the differences in income in the metro and non-metro areas.

Development of Economic Development CDBG Objectives

CDBG objectives result from more than 15 years of consultation with local communities and public comment. The selection criteria and priorities outlined in the Economic Development section of this Action Plan also were developed with advice of the Nebraska Economic Development Commission. Priorities and objectives support the state’s anti-poverty strategy of creating jobs with livable wages, and are directed toward both workers and employers. The

efforts for workers include assuring that education, job training, and skill development programs adequately prepare them for the jobs that are available. The business efforts include providing economic assistance, tax credits, and loans that attract new firms; retain/expand existing firms - especially businesses that hire low and moderate income people; and assistance for new businesses and entrepreneurs.

Set up by State statute, the Nebraska Economic Development Commission provides leadership and advice to DED to strengthen Nebraska's position in the global economy. The commission consists of nine voting members (three each from Nebraska's three congressional districts) and the DED Director (a non-voting member). For more than twenty years the CDBG Advisory Committee regularly consulted with DED in regard to the state's CDBG Program. However, in April of 2010, the duties of the CDBG Advisory Committee were assigned to the Economic Development Commission, when the CDBG Advisory Committee was eliminated from statute. In addition to its other statutory duties, the Economic Development Commission now also responsible for providing regular consultation to DED in regard to the Community Development Block Grant Program.

Actions for the 2013 Program Year

Objectives and measurable actions planned between July 1, 2013 and June 30, 2014, are outlined in the following table:

Specific Objective	Outcome/Objective	Sources of Funds	Performance Indicators	Year	Expected Number	Actual Number	Percent Complete
	Specific Annual Objective						
EO-1	Availability/Accessibility of Economic Opportunity						
JOB CREATION AND RETENTION ACTIVITIES							
EO-1.1	PROMOTE THE RETENTION AND EXPANSION OF EXISTING BUSINESSES IN NEBRASKA AND THE STARTUP OF NEW BUSINESSES IN NEBRASKA, AND THE IMMIGRATION OF OUT-OF-STATE BUSINESSES RELOCATION OR EXPANDING INTO NEBRASKA.	CDBG	Number of jobs created or retained.	2010	160	238	100%
				2011	160	292	100%
				2012	160		
				2013	160		
				2014			
			Number of jobs created or retained that were designated for LMI persons.	2010	82	122	100%
				2011	82	153	100%
				2012	82		
				2013	82		
				2014			
			Amount of public or private funds leveraged.	2010	\$8,500,000	\$42,500,000	100%
				2011	\$8,500,000	\$28,964,026	100%
				2012	\$8,500,000		
				2013	\$8,500,000		
				2014			
PUBLIC FACILITIES AND IMPROVEMENT ACTIVITIES							
EO-1.2	INVEST IN PUBLIC FACILITIES AND IMPROVEMENT ACTIVITIES THAT MAKE ECONOMIC OPPORTUNITIES	CDBG	Number of jobs created or retained.	2010	29	37	100%
				2011	29	0	0%
				2012	29		
				2013	29		
				2014			
			Number of jobs	2010	15	19	100%

	AVAILABLE TO LOW AND MODERATE INCOME PERSONS.		created or retained that were designated for LMI persons.	2011	15	0	0%
				2012	15		
				2013	15		
				2014			
TOURISM DEVELOPMENT ACTIVITIES							
EO-1.3	INVEST IN EFFECTIVE AND AFFORDABLE TOURIST ATTRACTIONS (FOR PROFIT OR NONPROFIT) IN QUALITY COMMUNITIES THAT WILL RESULT IN VISITOR SPENDING, GENERATE JOBS, AND PROMOTE LONG-TERM ECONOMIC DEVELOPMENT.	CDBG	Amount of public or private funds leveraged through tourism development activities.	2010	\$200,000	\$450,450	100%
				2011	\$200,000	\$287,181	100%
				2012	\$200,000		
				2013	\$200,000		
				2014			
			Number of jobs created or retained.	2010	4	6	100%
				2011	4	5	100%
				2012	4		
				2013	4		
				2014			
OTHER	Other Objectives						
PLANNING ACTIVITIES							
OTHER-1	UNDERTAKE PLANNING ACTIVITES THAT MAY INCLUDE BUT ARE NOT LIMITED TO: A FEASIBILITY STUDY, AN ENVIRONMENTAL REVIEW, PRELIMINARY SITE PLANNING, SITE PREDEVELOPMENT, MARKET ANALYSIS AND A MARKETING PLAN; ALL IN PREPARATION FOR A LARGER PROJECT.	CDBG	Amount of public and private funds leveraged for planning projects.	2010	\$225,000	\$105,000	47%
				2011	\$225,000	0	0%
				2012	\$225,000		
				2013	\$225,000		
				2014			

Economic Development Funding Category

Objective

The objective of the Nebraska Department of Economic Development ("Department" or "DED") for the Community Development Block Grant ("CDBG") Economic Development ("ED") category is to assist businesses which expand the state's economic base and which create quality jobs principally benefiting employees in the low and moderate income ("LMI") levels.

Eligible Applicants

Eligible applicants include every Nebraska incorporated municipality under 50,000 population; and every Nebraska county.

Eligible Businesses

Not all businesses are eligible to be benefited businesses under the Department's CDBG ED program. Refer to the discussion of eligible (and ineligible) businesses below.

Eligible Activities

Generally, eligible activities include:

- loans to for-profit businesses (through the applicant community) for a variety of business purposes
- public facilities (infrastructure) projects undertaken by applicant communities for economic development purposes, where a benefiting business agrees to locate or expand premised on the infrastructure improvements and agrees to create jobs for LMI persons
- job training grants to for-profit businesses (through the applicant community)
- entrepreneurial development grants
- speculative building projects or speculative industrial park prospects, in the form of conditional grants to applicant communities for such projects
- short-term interim financing program

Compliance with CDBG National Objective Requirements

All project activities must meet one of three national objectives of the CDBG program. The three national objectives are:

- benefiting low and moderate (LMI) income persons
- aiding in the prevention or elimination of slums or blight
- meeting other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to health or welfare of the community and other financial resources are not available to meet such needs

In the CDBG ED category portion of the CDBG program of the Department, nearly all, if not all, projects in a given program year are funded through meeting the first national objective cited above, namely, benefiting low and moderate income persons. In turn, that LMI benefit is demonstrated in nearly all projects through job creation, job retention, or both job creation and job retention, by a benefited business. Such job creation or job retention must involve the employment of persons, the majority (51% or more) of whom are LMI persons.

Maximum Amounts of Awards

\$1,000,000 will be used as a guideline for an award for any one project under the CDBG ED category, further limited by maximums of \$250,000 for any one job training grant and \$250,000 for any one speculative building project. \$1,000,000 will be used as a guideline for an award for any one speculative industrial park project under the CDBG ED category.

Amount of Loan Forgiveness Flowing Through to a Benefited Business

The aggregate amount of forgiveness to a benefited business-from the CDBG ED category may be an amount up to the total award, and will be determined by DED.

Application Timing and Process

With the exception of Speculative Data Sites, applications for CDBG ED awards are accepted and considered on an open cycle. The process of application review involves consideration and recommendation by: the Project Review Committee; followed by the Department Director, followed by the office of the Governor. The Department will send a formal Notice of Approval Letter to an applicant community receiving application approval.

The review process by the Department Project Review Committee is based on the individual and collective judgments of Committee members, in consultation with other Department staff as necessary, applying an objective scoring process based on various criteria. A group/consensus decision is reached evaluating the merits of each application and deciding whether to fund, and if positively determined, at what level of funding.

Matching Requirements

All CDBG ED category projects require a minimum 1:1 match of CDBG funds with funds from other (non-CDBG) sources. Put another way, CDBG funds can be no more than 50% of the total project cost. In addition to achieving the match as described above, Speculative Industrial Park Projects – Data Centers as described below can achieve their match using the following costs as well: DED approved costs associated with the infrastructure development of the site, and DED approved marketing costs associated with the promotion of the site.

Application Underwriting Guidelines

The Housing and Community Development Act (HCDA) and HUD's CDBG regulations outline basic project "underwriting" guidelines/standards so that state programs administering federal CDBG funds will achieve the federal objectives of the CDBG program. The underwriting standards—the decision-making criteria—used in the Nebraska CDBG ED category are designed to address these federal guidelines.

The federal CDBG guidelines, as applied by the Department, may be summarized as follows:

1. Project costs must be reasonable, not excessive, and must be supported by cost analyses. Transactions must be carried out through arms-length transactions, not insider arrangements.
2. All proposed sources of financing necessary to carry out the project must be committed. This ensures that time and effort is not wasted on assessing proposals, or awarding funds to projects, that are not in a position to proceed to project completion within a reasonable time. To fulfill this requirement, the Department requires a written verification affirming the various funding parties' intentions to make funds available, and, depending on the nature of the funding party, a showing of their capacity to actually provide such funds.
3. To the extent practicable, CDBG funds are not to be substituted for other funds. This standard requires a financial underwriting analysis of the project. The level of analysis will vary with the nature and complexity of the project. Since projects in this category provide financing for for-profit businesses, appropriate levels of private source financing (e.g., bank loans) are expected to be present, and equity participation in the project must be sufficient given the financial capacity of those owning the enterprise.
4. Financial feasibility of the project. The public benefit expected from the investment of CDBG funds is the creation and maintenance of LMI jobs. That benefit will not materialize if the project is not financially feasible.
5. Avoidance of providing an unreasonable return on investment to the owner of the project. The availability of non-interest bearing loans and forgivable loans to for-profit businesses presents a potential for this to occur which must be addressed in analyzing, and in judging the merits of, each project.
6. To the extent practicable, CDBG funds should be disbursed on a pro rata basis with other project funding sources. CDBG money should not be the first money into a project, but rather should flow into a project in proportion to other project funding sources.

Applicants must recognize that CDBG ED funds are limited and not all applications are equally meritorious when viewed from the Department's state-wide perspective.

Application Decision-making Criteria.

The Department's Project Review Committee considers the following criteria, and uses the following scoring spectrum, when evaluating whether an application meets the minimum threshold requirement. A project scoring less than 25 points does not meet the minimum threshold for further consideration by the Project Review Committee. Scoring 25 points is a necessary condition for further consideration, but is a minimum threshold only and is not solely determinative of a favorable recommendation by the Project Review Committee for awarding CDBG funds based on the application.

• CDBG \$ Utilization→ 35 points possible for this component

○ CDBG \$ invested per job created/retained→ 20 points possible

- 0 points = \$35,000 or more
- 4 points = \$30,000 to <\$35,000
- 8 points = \$25,000 to <\$30,000

- 12 points = \$20,000 to <\$25,000
- 16 points = \$15,000 to <\$20,000
- 20 points = <\$15,000

○ CDBG \$ compared to total project \$ (as %)→ 10 points possible

- 0 points = 50%
- 2 points = 33% to <50%
- 6 points = 20% to <33%
- 10 points = <20%

○ Aggregate wages (and benefits) paid to employees in created jobs within one year compared to CDBG \$ invested (as %)→ 5 points possible

- 0 points = 100% or less
- 2 points = >100% to <125%
- 5 points = 125% or more

○ **Community Impact and Investment→ 30 points possible for this component**

○ Location of community as more economically distressed than others, based on three broad location sectors→ 20 points possible

- 5 points = larger community locations:
Beatrice, Columbus, Fremont, Grand Island, Hastings, Kearney, Norfolk, North Platte, Scottsbluff/Gering, South Sioux City, Douglas County, Lancaster County, and Sarpy County
- 10 points = not one of the larger community locations, but in the Interstate-80 corridor
- 20 points = rural (encompassing all locations not within the two location sectors above)

○ Due to the nature of Speculative Buildings and Speculative Industrial Parks, 10 points are being awarded to these projects as other factors cannot be determined at this time → 10 points possible

○ **Business Factors→ 40 points possible for this component**

○ Owners' equity in project→ 12 points possible

- 0 points = 10% or less
- 4 points = >10% to 20%
- 8 points = >20% to 33%
- 12 points = >33%

○ Loan collateral, and loan guarantees→ 6 points possible

- 0 points = unsecured, or a junior lien position offering little realizable value
- 1-5 points = for the spectrum in between
- 6 points = reasonably secured as to collateral value and liquidity, with guarantees in existence

○ Established business, or start-up venture→ 6 points possible

- 0 points = start-up venture with all the usual risks of failure

- 3 points = established business, but with negative trends
 - 6 points = established business with positive trends
 - Documentation of \$ commitments by all other project \$ sources→ 4 points possible
 - Duration of commitment to maintaining the created/retained jobs→ 2 points possible
 - 0 points = committing to maintaining only for the minimum required by the Department's guidelines
 - 2 points = committing to substantially more than the minimum
 - Targeted Industry→ 10 points possible
 - **Economic Development Certified Community→ 5 points possible for this component**
 - If the applicant community is qualified as an Economic Development Certified Community, 5 bonus points are given→ 5 points possible
-
- **Total Project→ 110 points possible for total of all components**
-

Eligible and Ineligible Businesses

Not all businesses are eligible to be benefited businesses under the Department's CDBG ED program.

For a business to be eligible to be a benefited business under the Department's CDBG ED program, it must:

- meet the definitional criteria to be a "qualified business" as that term is defined in the Nebraska Advantage Act, as that Act exists at the time an eligibility determination is made under these guidelines;

and also,

- meet any additional eligibility criteria, and not be ineligible by reason of the exclusions, in these guidelines.

Nebraska Advantage Act Criteria

As a basic narrative for these guidelines, the following listing summarizes the categories of businesses considered to be considered a "qualified business" under the Nebraska Advantage Act. The statutory text (and regulatory interpretations thereof by the Department of Revenue) will prevail in the event of an interpretive conflict with these guidelines. "Qualified businesses" are those engaged in any one (or combination) of the following:

- Research and development

- Manufacturing
- Data processing
- Telecommunications
- Insurance
- Financial Services
- Distribution
- Storage
- Transportation
- Headquarters (administrative)
- Targeted export services (75% of sales outside Nebraska or to the U.S. Government: software development; computer systems design; product testing services, guidance or surveillance systems; technology licensing)

Additional CDBG ED Guidelines Criteria and Ineligibility Exclusions

- The business must pay all employees at the project location in Nebraska at a rate of no less than \$9.00 per hour, as well as provide appropriate employee benefits, for the duration of the project job maintenance period (which period will be established as part of the MOU for the project).
- Non-profit businesses/organizations are ineligible.
- Businesses that derive any revenues from gaming are ineligible.
- Production agriculture enterprises are ineligible. These are excluded because they lack the necessary CDBG ED program guideline requirement that there must exist extra levels of substantial and separately identifiable value-added processing being performed by employees of the production agriculture enterprise—beyond those tasks and activities of production, harvesting, and marketing normally associated with traditional agricultural production commodities. Examples of such ineligible enterprises (when they lack the extra value-added component) include: grain farming, livestock raising, raising of poultry or the production of eggs, the production of milk, fruit or nut orchards, vegetable farming including hydroponics vegetable production, and aquacultural facilities.
- Trucking enterprises, which lack the requisite storage, warehousing, or distribution extra components which would distinguish them from the usual so-called "rolling stock" enterprises, are ineligible.

Eligible Activities and Forms of CDBG Assistance

Activities eligible for assistance under the CDBG ED guidelines are primarily (but not exclusively) authorized in Sections 105(a)(14, 15, 17) of the HCDA. All activities must meet the eligibility requirements, and avoid the prohibitions, in the HCDA and in the CDBG regulations. The forms of assistance available in the CDBG ED category are:

- Loans to businesses. The provision of "direct" assistance to eligible, private, for-profit businesses to carry out an economic development project. The assistance is not (and cannot be by the provisions of the HCDA and the CDBG regulations) provided directly to the business from the Department, but rather is passed through the applicant governmental unit. The assistance will be in the form of a loan from the applicant

governmental unit to the business. Such loans may be used by the business for almost any legitimate business purpose. Examples of permitted uses include: purchasing land; constructing a building; renovating an existing building; purchasing machinery and equipment; purchasing inventory; and meeting working capital needs. Unless a compelling case, involving extraordinary circumstances, can be made by the applicant and the benefited business—refinancing/financial restructurings/"bail-outs" of existing debt are not favored by the Department as an appropriate use of CDBG funds.

- Loans to businesses may be either low-interest or non-interest bearing, depending on: interest rate market conditions; the particular facts and circumstances of the business and the CDBG application; and the decision regarding loan terms (interest rate being among such loan terms) made by the entity which will be ultimately receiving loan repayments made by the business (which may be the applicant governmental unit, or the Department, or both in some instances).
 - Loan amortizations are to require monthly payments.
 - Other terms of the loan (such as appropriate loan maturity, payment deferrals, and collateral requirements) vary from project to project and will be subjects of negotiation among the parties.
 - Maximum allowed maturities are:
 - 15 years for real estate loans
 - 7 years for machinery/equipment loans
 - 5 years for working capital loans
 - Maximum time for deferral of the initial loan payment is one year from note inception. Such payment deferrals are not the norm.
 - Forgiveness of loans. The aggregate amount of forgiveness to a benefited business from the CDBG ED category may be an amount up to the total award, and will be determined by DED.
 - The repayments of the loan are CDBG program income, and the funds are subject to the program income requirements (explained elsewhere in these guidelines) and continue to be subject to CDBG requirements.
 - Loan forgiveness is conditional, and for a benefiting business to have its loan achieve the status of being unconditionally forgiven, the benefiting business must completely fulfill the requirements of the project (as they will be outlined in the MOU), particularly including meeting the national objective for the project.
- Public facilities (infrastructure) construction or improvement projects, undertaken for economic development purposes. CDBG funds in these instances are granted directly to the community. In such projects, a business benefiting from the infrastructure project (e.g., from street construction to the proposed site of the business) agrees to locate or expand in the applicant community premised on the infrastructure project, and agrees to create jobs principally benefiting LMI persons (and to maintain those jobs).
 - The public facilities project must be essential to the business, and have a direct nexus to the business activities conducted by the business.
 - Typical examples of such public facilities include street construction, street improvements, water supply system improvements, sewer system improvements, and flood and drainage system improvements.
 - Communities should note that any costs for "oversizing" the project to meet community needs beyond the essential needs of the benefited business must be

- exclusively paid by the community, and such costs borne for "oversizing" will not count toward the required minimum 1:1 community match of CDBG funds.
- Because the CDBG award in these projects is a grant directly to the community, the matching funds in these projects must come from the community itself and be invested directly into the project costs. Other "matching" which may be done by the business in its location/expansion, e.g., building a new plant, does not serve to fulfill the match requirement in this public facilities component of the CDBG ED program.
 - Even though the CDBG funds in these projects do not flow through to directly benefit the business, the business is benefited—is advantaged—by the project, and the granting of the CDBG funds to the community in the first place is premised upon the business' agreement to locate/expand and to create and maintain jobs thereby. Consequently, the business is required to agree (in the MOU for the project):
 - to carry out the location/expansion of its business facility.
 - to create and maintain jobs having the required LMI benefit.
 - to repay to the community the amount of the CDBG funds awarded to the community and invested in the public facilities project should the business fail to meet the requirements of the MOU.
 - to provide in the application and periodically into the future (for the duration of the job maintenance period) financial information to allow an evaluation of the condition of the business, the likelihood of achieving the job creation and job maintenance requirements; and the business' capacity to repay to the community the amount of the CDBG funds awarded should the business fail to meet the requirements of the MOU.
- Speculative buildings projects/speculative industrial park projects. This eligible activity and form of assistance provides loans or conditional grants to applicant communities for the development of so-called "spec buildings" or "spec industrial parks". These "spec" improvements must then be later occupied by a qualifying business which must agree to create sufficient jobs which principally benefit low and moderate income (LMI) persons, in order to fulfill the required CDBG national objective. If this CDBG national objective is not fulfilled, the loan or conditional grant made to the applicant community by the Department must be repaid by the applicant community to the Department. Speculative buildings projects/speculative industrial park projects. As a guideline, \$1,000,000 is the maximum level of assistance for a speculative industrial park project.
 - These projects bear much more than normal risk to the applicant community (almost by definition since they are speculative as to the occupancy of the building or park by a qualifying business which can generate sufficient LMI qualifying jobs). As a consequence, a careful and comprehensive assessment of the project and of its likely success will be made all along in the process of application. And because of this risk, the Department requires that there be consultation, involvement, and coordination with Department staff at all phases of the application, from the very beginning. This is not an endeavor where the applicant community is invited to simply develop and submit an application, on its own, and await an answer from the Department.

With regard to the “speculative park” project: Site selection and pre-development costs may be part of an initial phase in these projects, and funding may be provided for these

activities. These activities do not need to meet a national objective on their own (provided they are undertaken in conjunction with other eligible CDBG activities), and these “speculative parks” must later be occupied by a qualifying business which must agree to create sufficient jobs which principally benefit low and moderate income (LMI) persons, in order to fulfill the required CDBG national objective (low and moderate jobs “LMJ”). If this CDBG national objective is not fulfilled, the loan or conditional grant made to the applicant community by the Department must be repaid to the Department by the applicant community.

The application requirements, underwriting guidelines, and decision-making criteria generally described in these Guidelines are all applied to these “spec” projects.

Project specifics and required application information are found in supplementary explanatory materials not part of these Guidelines.

- **Short-term Interim Financing.** This program provides short-term or interim financing for projects that create or retain employment opportunities, prevent or eliminate blight or accomplish other federal and state community development objectives. Financing may be used for construction or improvement of public works; purchase, construction rehabilitation or other improvement of land, buildings facilities, machinery and equipment, fixtures and appurtenances or other projects undertaken by a proprietary or nonprofit organization; assistance for otherwise eligible projects or programs.

Applications are accepted at any time and are processed, reviewed and considered on a first-come, first-served basis. DED makes funding decisions following receipt of a complete application and to the extent funds are available. Awards may not exceed \$15 million. Selection is based on the following threshold criteria: evidence of local capacity to administer the funds; acceptable performance in the administration of prior state or federal grants; feasibility the project will be completed with funds requested (the applicant must identify other funding sources and the terms of assistance); evidence the project will be completed within 30 months of the grant award date; an irrevocable letter of credit or equivalent security instrument from a lender; commitment of permanent financing for the project.

If an application satisfies all threshold criteria, it is evaluated on the following:

- Does CDBG participation leverage substantial local financial participation?
- Is the cost of CDBG short-term funds per person benefited reasonable?
- Is the need for CDBG assistance reasonable?
- Does the public benefit substantially exceed the value of assistance (measured by the present value of assistance to the direct and indirect wages and aggregate payroll lost, dislocation and potential absorption of workers and loss of economic activity)?

DED is considering changing the activities funded in the CDBG Economic Development Category for the 2014 Program Year. These potential changes may include funding only economic development infrastructure projects with CDBG funds. If these changes are made, the following activities would no longer be eligible:

- loans to for-profit businesses (through the applicant community) for a variety of business purposes
- job training grants to for-profit businesses (through the applicant community)
- entrepreneurial development grants
- speculative building projects or speculative industrial park prospects, in the form of conditional grants to applicant communities for such projects
- short-term interim financing program

DED is seeking input on these potential changes through the 2013 Annual Action Plan public participation process.

Micro-enterprise assistance project. This eligible activity and form of assistance is to provide assistance to micro-enterprises (5 or fewer employees), through a community (or multiple communities forming a joint application) directly providing (or using a sub-contracting intermediary service provider organization to provide) the following:

- business plan development assistance
- entrepreneurial management training
- accounting and finance training and assistance
- sales and marketing training and assistance
- access to loans

or any combination of such listed items, to microenterprises and other micro-enterprises in Nebraska. This form of assistance does not provide loans or grants directly from the Department to the assisted businesses.

The Micro-enterprise assistance services performed for the purposes of the proposed CDBG project must be limited to the Labor Market Area of communities included in a multiple community joint applicant. The joint application must include a rationale for the multiple communities participating as part of a specific outreach or targeting effort of the service provider (community or intermediary) such as entrepreneurs who are not native English speakers.

To initiate the process of applying for CDBG funding for a project of this type, the lead applicant community should initially submit a letter describing the proposed project in fairly broad strokes, but addressing the various factors and circumstances listed immediately below. Representatives from the Department will review this initial letter to determine basic eligibility and to initially assess the viability and likely impact of the proposal.

The factors and circumstances of the proposed entrepreneur development project to be addressed in the applicant's initially submitted letter are:

- the mechanism(s) the applicant will use to provide the micro-enterprise assistance
- the types of micro-enterprise assistance which will be offered
- a description of the geographically targeted service area(s) for the project
- a description of organizations already existing in the targeted service area which provide micro-enterprise assistance services; and how the project will not duplicate the services provided by such organizations

- a description of how the project will target and benefit low-to-moderate income
- (LMI) business owners, and the project's anticipated impact on such LMI business owners
- a description of the basic work plan for the project for the period to be covered by the project award
- a basic budget for the project and the service provider organizational budget, showing project costs and showing the source(s) of matching non-CDBG funds of at least 75% of the total operating budget of the service provider (whether it is the community directly or a contracting intermediary service provider) and at least 60% of the total budget for micro-enterprise services to low-to-moderate income business owners in the proposed service area.

If the project is eligible, appears to be viable based on this preliminary information, and considered to be of sufficient impact to warrant the investment of CDBG funds, the applicant community will then be contacted by a representative of the Department to further discuss the project and the process of proceeding with additional application information assembly as needed to complete review of the criteria. The Economic Development application and approval process described earlier in these Guidelines is applied to these types of projects. The Department will award up to one micro-enterprise development project for up to \$150,000 of CDBG Economic Development funds.

Application Decision-making Criteria for Micro-enterprise Assistance

The Department's Project Review Committee considers the following criteria, and uses the following scoring spectrum, when evaluating whether an application meets the minimum threshold requirement. A project scoring less than 25 points does not meet the minimum threshold for further consideration by the Project Review Committee. Scoring 25 points is a necessary condition for further consideration, but is a minimum threshold only and is not solely determinative of a favorable recommendation by the Project Review Committee for awarding CDBG funds based on the application.

CDBG \$ Utilization→ 35 points possible for this component

CDBG \$ invested per proposed beneficiary (low-to-moderate income owners of new or existing microenterprise or persons developing a microenterprise → 25 points possible

- 0 points = \$35,000 or more
- 4 points = \$30,000 to <\$35,000
- 8 points = \$25,000 to <\$30,000
- 12 points = \$20,000 to <\$25,000
- 16 points = \$15,000 to <\$20,000
- 20 points = <\$15,000

CDBG \$ compared to total project \$ (as %)→ 10 points possible

- 0 points = 50%
- 2 points = 33% to <50%

- 6 points = 20% to <33%
- 10 points = <20%.

Community Impact and Investment → 20 points possible for this component

Location of lead community as more economically distressed than others, based on three broad location sectors → 20 points possible

- 5 points = larger community locations:

Beatrice, Columbus, Fremont, Grand Island, Hastings, Kearney,
Norfolk, North Platte, Scottsbluff/Gering, South Sioux City,
Douglas County, Lancaster County, and Sarpy County

- 10 points = not one of the larger community locations, but in the Interstate-80 corridor
- 20 points = rural (encompassing all locations not within the two location sectors above)

Other Factors → 40 points possible for this component

Ratio of proposed CDBG funding to the service provider (community or intermediary) annual budget from the most recently completed fiscal year → 12 points possible

- 0 points = 25% or more
- 4 points = 20-24%
- 8 points = 15%-19%
- 12 points = <15%

Experience of the service provider (community or intermediary) providing the proposed assistance → 6 points possible

- 0 points = no experience
- 1-5 points = for the spectrum in between
- 6 points = more than 10 years of experience

Sound approach → 6 points possible

- 0 points = the service provider (community or intermediary) will provide basic services, however, there are not measurable proposed outcomes provided
- 3 points = the service provider (community or intermediary) has a clear plan that includes the provision of needed services for low-to-moderate income micro-enterprise business owners

- 6 points = the service provider (community or intermediary) has a clear plan that includes the provision of needed services for low-to-moderate income micro-enterprises and measurable proposed outcomes

Documentation of \$ commitments by all other project \$ sources → 4 points possible

Program includes targeting and outreach to minority and women-owned micro-enterprises → 2 points possible

Program includes targeting and outreach to micro-enterprise entrepreneurs who are not native English speakers → 10 points possible

Economic Development Certified Community → 5 points possible for this component

If the lead applicant community is qualified as an Economic Development Certified Community or a DED Leadership Community, 5 bonus points are given → 5 points possible

Total Project → 100 points possible for total of all components

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

Tourism Development Funding Category

A. Tourism Development– State Objective:

The State CDBG objective of the Tourism Development Category is to provide for investments in effective and affordable tourist attraction facilities to quality communities that are investing in long-term development. This provides a sound basis for assisting tourist attraction projects that have attracted significant financial support and are likely to have long-term positive impacts on their local and regional economies. Tourist attraction projects that serve the needs of both a regional economy and local community economy are a key element in satisfying the state objective.

B. How and What Projects May Be Assisted

Distribution of Tourism Development Funds:

DED will award grants under Tourism Development to eligible local governments to carry out tourism development projects, defined as tourist attractions (for profit or nonprofit, public or private) that are expected to draw 2,500 visits or more from origins of at least 100 miles away. Tourism attractions are sites and facilities that draw visitors from a distance because of their scenic, historic, cultural, scientific, educational, and/or recreational attributes. Tourist attraction projects also serve and provide facilities that service community activities along with regional activities. The projects focus on meeting and improving multi-faceted facilities for assisting in economic development at the local, regional, and statewide level. Tourist attractions meeting the national and state CDBG objectives, which are given priority include:

- Historic restoration, rehabilitation and preservation, such as, buildings or sites either listed in the National Register of Historic Places or eligible for listing, state or local inventory as a historic place, or designated as a state or local landmark or historic district;
- Scientific and educational interpretive sites and facilities, such as, on-site heritage living/work environments, cultural awareness centers and scientific educational centers;
- Heritage, historical, and cultural recreational sites and facilities, such as, buildings or sites either listed in the National Register of Historic Places or eligible for listing, state or local inventory as a historic place, or designated as a state or local landmark or historic district; and
- Supporting activities for the removal of materials and architectural barriers that restrict the mobility and accessibility to existing sites/facilities for elderly and severely disabled persons.

Ineligible activities (sites, attractions, and establishments) which serve more often as tourism support facilities, other than attractions, which include: eating and drinking establishments, commercial lodging accommodations, gasoline stations, commercial rest areas, and gift shops.

C. Grant Amount and Matching/Leverage

Maximum grant is \$225,000 and the minimum is \$50,000 per community/unincorporated county. There is a range of CDBG funds from \$450,000 to \$0 estimated for distribution in the Tourism category.

All CDBG TD category projects require a minimum 25% (3 CDBG: 1 other) match of CDBG funds with funds from other (non-CDBG) sources. At a maximum, no more than one-half of the total project match may be in-kind source contributions. And at a minimum, at least one-half of the total project match must be non-CDBG cash contributions. General administration activities require no matching funds.

D. Threshold and Review Criteria for Submitting Letter of Intent and Applications

Tourism Development /Applicant Submission and Grantee Selection:

Eligible local governments may individually or jointly apply and receive more than one grant per year in the Tourism Development.

Applications for CDBG TD awarded are accepted and considered on an open cycle. Tourism Development applications will be accepted beginning May 6, 2013. Applications will be submitted as prescribed in the Tourism Development application guidelines.

Threshold requirements must be met prior to review. Applications will not be considered and returned if the following threshold requirements are not met:

- applicant is eligible;
- activities are eligible and comply with national CDBG objectives and state CDBG priorities;
- applicant has no significant, unresolved audit finding;
- applicant has no legal actions underway that may significantly impact its capacity;
- applicant is following a detailed citizen participation plan and anti-displacement plan; and
- applicant has adopted authorizing participation resolution.
- applicant must have addressed and cleared all compliance problems (i.e. Davis-Bacon, acquisition, fair housing, etc.), if any, from past awards and have responses accepted by DED;
- applicant is current with all reporting requirements (semiannual status reports, closeout reports, audit reports, notification of annual audit reports, etc.)

Tourism Development applicants meeting threshold requirements are reviewed by DED according to the Selection Criteria Matrix. When more than one application is under review, those ranking highest in competitive order shall be selected for funding subject to the amount of funds available for each priority. Otherwise, an applicant under individual review will be scored

according to the selection criteria and must meet the minimum threshold for consideration for approval.

Applications recommended for approval through these processes will be presented to DED's director and to the office of the Governor for grant award. The DED director has the authority to ask for reconsideration of recommended project awards to assure compliance with the submission and selection criteria. The Department will send a formal Notice of Approval letter to the applicant community receiving application approval.

Tourism Development - Selection Criteria Matrix

The matrix on this page delineates each selection criterion as a numerical score applied to the Tourism Development Initiative. The minimum total threshold score is 500 points (including no criterion with 0 points scored). Each selection criterion includes a separate minimum threshold score for qualifying the application. All selection criterion will be scored in five point increments with all scored criterion divisible by five. Each selection criterion shall be scored on a scale. See chart below.

(1)	(2)	(3)	(4)	(5)	
FINANCIAL	IMPACT	SUSTAINABILITY	BENEFIT	READINESS	TOTAL
150	240	240	220	150	1,000

Financial Support- the level of financial support (public and/or private) already committed to the project will be compared to other applicants with: 0-50 below average – lack of cash on hand or committed; average; 51-100 average – a solid commitment of cash that meets match requirements; and 101-150 above average – cash on deposit or otherwise secured that meets match requirements. (Maximum 150 points with a minimum threshold of 50 points)

Project Impact- the project's potential for long-term positive impacts on local and regional economies will be compared to other applicants with: 0-80 below average –minimal impact on area support facilities and other attractions; 81-160 average – some impact provided on area support facilities and other attractions; and 161-240 above average – a strong impact on area support facilities and other attractions. (Maximum 240 points with a minimum threshold of 81 points)

Sustainability- the project's potential for being a long-term operation will be compared to other applicants with: 0-80 below average –serious shortages in personnel budget, a plan to effectively operate, and ability to maintain facility for a long time; 81-160 average – some lack in personnel, budget, and/or plan to effectively manage, operate, and maintain the facility for a long time; and 161-240 above average – personnel, budget, and plan are in place to effectively manage, operate, and maintain the facility for a long period of time. (Maximum 240 points with a minimum threshold of 81 points)

Benefit - how the project will benefit the region's and state's existing tourism industry will be compared to other applicants with: 0-74 below average – no or minimal benefit identified in the application; 75-149 average – project provides some uniqueness to state's inventory of attractions, and 150-220 above average – project is a distinct/unique attraction that is not repeated in region or state. (Maximum 220 points with a minimum threshold of 75 points)

Readiness - the project's readiness to proceed, complete construction, and open within two years of the project award date will be compared to other applicants with: 0-50 below average – no demonstrated timeline or unsure of when ready to open the project to the public; 51-100 average – some doubt as to ability to complete project in a timely manner; and 101-150 above average – plans, land, and financing for operations ensure readiness to open within two years or sooner. (Maximum 150 points with a minimum threshold of 51 points)

Section Six: Homeless Services Priority

Ensure appropriate emergency shelter and/or transitional housing and services for people who are homeless or at imminent risk of becoming homeless by distributing Emergency Solutions Grant Program Funds and Homeless Shelter Assistance Trust Funds.

Homeless Services Priority Statement & Objectives

HOMELESS SERVICES PRIORITY: ENSURE APPROPRIATE EMERGENCY SHELTER AND/OR TRANSITIONAL HOUSING AND SERVICES FOR PEOPLE WHO ARE HOMELESS OR AT IMMINENT RISK OF BECOMING HOMELESS BY DISTRIBUTING EMERGENCY SOLUTIONS GRANT FUNDS AND HOMELESS SHELTER ASSISTANCE TRUST FUNDS.

The State of Nebraska's Objectives developed to meet the Homeless Services Priority are as follows:

Objective One: Provide appropriate shelter and/or housing to people who are homeless and/or at imminent risk of becoming homeless.

Objective Two: Provide needed services to people who are homeless and/or at imminent risk of becoming homeless.

Actions for the 2013 Program Year

Establishing and accomplishing objectives requires collaboration with housing and homeless service agencies statewide to deliver needed emergency shelter, street outreach, homelessness prevention and rapid re-housing services to people who may be homeless or at-risk of homelessness in the 93 counties of Nebraska [this does not include serving individuals or families otherwise living in housing that has characteristics associated with instability and an increased risk of homelessness, as defined in the U.S. Code of Federal Regulations Title 24 §576.2(1)(iii)(G)]. The statewide Continuum of Care system helps ensure that people who are homeless or at-risk of homelessness are able to access needed emergency shelter, street outreach, homelessness prevention and rapid re-housing services in each of the counties. Refer to the regional Continuum of Care map on page 6-7 for delineation of the regions. It is estimated that DHHS will receive \$2 million in Homeless Shelter Assistance Trust Funds (HSATF), based on revenue projections by the Nebraska Department of Revenue, and \$690,201 in Emergency Solutions Grant (ESG) funds for distribution during the 2013 Program Year.

THE REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

The State of Nebraska's performance indicators for each Objective developed to meet the Homeless Services Priority are outlined in the following table:

Specific Objective	Outcome/Objective	Sources of Funds	Performance Indicators	Year	Expected Number	Actual Number	Percent Complete
	Specific Annual Objective						
SL-1	Accessibility of Suitable Living Environment						
HOMELESS SERVICES							
SL-1.1	PROVIDE APPROPRIATE SHELTER AND/OR HOUSING TO PEOPLE WHO ARE HOMELESS AND/OR AT IMMINENT RISK OF BECOMING HOMELESS.	ESG HSATF	Number of individuals provided emergency or transitional shelter.	2010	12,000	12,609	100%
				2011	12,000	10,691	89%
				2012	12,000		
				2013	12,000		
				2014			
DH-2	Affordability of Decent Housing						
HOMELESSNESS PREVENTION ACTIVITIES							
DH-2.1	PROVIDE NEEDED SERVICES TO PEOPLE WHO ARE HOMELESS AND/OR AT IMMINENT RISK OF BECOMING HOMELESS.	ESG HSATF	Number of individuals provided homeless prevention services.	2010	20,000	18,378	92%
				2011***	20,000	29,526	100%
				2012	20,000		
				2013	20,000		
				2014			
			Number of individuals not residing in an emergency or transitional shelter that received essential services.	2010	20,000	17,656	88%
				2011***	20,000	29,526	100%
				2012**	53		
				2012	20,000		
				2013	20,000		
				2014			
RAPID RE-HOUSING ACTIVITIES							
DH-2.2	PROVIDE PERMANENT HOUSING TO PEOPLE WHO ARE HOMELESS	ESG HSATF HPRP (*indicates HPRP funds only)	Number of individuals provided rapid re-housing services.	2010		*862	
				2011		*654	
				2012**	56		
				2012	263		
				2013	434		
				2014			

*Indicates HPRP funds only

**Indicates 12 month time period starting the date of 2nd allocation award from HUD (based on the ARRA Homeless Prevention and Rapid Re-housing Program the costs were \$2,654 a person through December 31, 2011).

The Nebraska Homeless Assistance Program (NHAP)

The Department of Housing and Urban Development's Emergency Solutions Grant Program funds are matched with Nebraska's Homeless Shelter Assistance Trust Fund dollars. The combined funding comprises the Nebraska Homeless Assistance Program (NHAP), which is administered by the Nebraska Department of Health and Human Services (DHHS). For the 2013-2014 grant cycle, the Homeless Shelter Assistance Trust Funds will provide in excess of the federally-required dollar for dollar match for ESG subrecipient funding.

Nebraska supports the Continuum of Care collaborative approach to addressing the needs of people who are homeless or at-risk of homelessness. The process promotes a coordinated, strategic planning approach for programs that assist families and individuals who are homeless or at-risk of homelessness. This approach is an effective community and regional-based process that provides a comprehensive and coordinated housing and service delivery system.

The purpose of the Nebraska Homeless Assistance Program (NHAP) is to provide an overall "Continuum of Care" approach to address the needs of people who are homeless and at risk of homelessness in Nebraska, by:

- Assisting in the prevention and alleviation of homelessness,
- Providing temporary and/or permanent housing for persons who are homeless;
- Encouraging the development of projects that link housing assistance programs with efforts to promote self-sufficiency.

The intent of DHHS is to award funds through a regional and programmatic (i.e. activity specific) allocation process. Organizations are encouraged to seek other sources of funding and collaborate and coordinate programs and services with other organizations to optimize the use of NHAP funds.

Program Funding Priorities are:

1. Strategies that promote self-sufficiency (e.g. case management, outreach, development of independent living skills, counseling services, basic skills instruction, high school completion) for persons who are homeless.
2. Strategies that address a Continuum of Care approach to providing shelter and service through collaboration of services with other agencies.
3. Expansion of operations, services, and programs that fill an identified gap in the regional/local Continuum of Care. This includes the acquisition and rehabilitation of an existing building for emergency shelter and/or transitional program facility.
4. Operations, services, and programs that, if they were discontinued, would create a substantial, recognizable gap in the regional/local Continuum of Care.
5. Prevention activities that are a long-term solution to preventing homelessness in the region.

Obstacles to Addressing Underserved Needs: The primary obstacle is lack of sufficient funding. Other obstacles identified at Regional Continuum of Care meetings include:

- Lack of housing – especially in small towns/rural areas

- Lack of affordable housing – especially for large families
- Lack of accessible housing for individuals with disabilities
- Landlords resistant to meeting Section 8 standards
- Lack of local safety codes and/or enforcement, other than at time of initial construction
- Lack of transportation to look for/at housing, especially in frontier areas
- Lack of timely access to benefits

Description of Activities: Agencies will be reimbursed to provide only the eligible activities for each category, as specified in the U.S. Code of Federal Regulations Title 24 §576.

Rapid Re-Housing

- Rental Assistance – activities include payment of short and medium term rent for eligible recipients.
- Housing Relocation & Stabilization Services – activities include housing search and placement and housing stabilization services.
- Housing Relocation & Stabilization Financial Assistance – activities include security and utility deposits; last month's rent; utility payments; moving costs.

Homelessness Prevention

- Rental Assistance – activities include payment of short and medium term rent for eligible recipients.
- Housing Relocation & Stabilization Services – activities include housing search and placement and housing stabilization services.
- Housing Relocation & Stabilization Financial Assistance – activities include security and utility deposits; last month's rent; utility payments; moving costs.

HMIS – activities include purchase of software licenses; staff time to enter data.

Emergency Shelter

- Shelter Operations – activities include rent; maintenance; security; fuel; equipment; supplies; utilities; insurance; food; hotel/motel vouchers when no shelter is available.
- Essential Services – activities include assessment and case management; risk assessment and safety planning with victims of domestic violence; child care; substance abuse treatment; health and mental health services; transportation.
- Renovation – no funding for renovation was requested.
- URA – no funding for URA was requested.

Street Outreach

- Essential Services – activities include transportation to shelter; engagement; meals; emergency health and mental health services; connecting with mainstream services.

Performance Standards: Based on HEARTH goals, which include reducing the length of homelessness, reducing returns to homelessness and maintaining/increasing income, agencies will be evaluated based on the following criteria. Initially a baseline will be determined for each of the criteria. In consultation with the BOS Subcommittee, this baseline will be used to establish an overall threshold for each service. Thresholds will also be established for each agency as a percentage increase, as an alternative method for those with low scores, allowing them to demonstrate improvement. Agencies failing to meet the established or alternative thresholds by a determined period will be asked to develop a plan of correction, which will be reviewed and monitored by DHHS.

- Street Outreach – Establish baseline and work to increase the % of discharges to Emergency Shelter, Transitional Housing or Permanent Housing.
- Emergency Shelter – Establish baseline and work to increase the % of discharges to Transitional Housing or Permanent Housing.
- Transitional Housing – Establish baseline and work to increase the % of discharges to Permanent Housing.
- Homelessness Prevention & Rapid Re-Housing – Establish baseline and work to reduce the % of those who return to homelessness throughout a determined period.
- HMIS – Establish baseline and work to reduce the % of Universal Data Elements (UDEs) with Missing or Null Values in HMIS (left blank). UDEs include Name, DOB, Gender, SSN, Race, Ethnicity, Veteran Status, Disabling Condition, Residence Prior to Program Entry, Zip Code of Last Permanent Residence, Income at Entry/Exit, Benefits at Entry/Exit, Disabilities at Entry/Exit and Discharge Destination.

DHHS provides direct staff support to the State Continuum of Care Committee and the Ad Hoc Committee on Ending Chronic Homelessness of the governor-appointed Nebraska Commission on Housing and Homelessness (NCHH). The State Continuum of Care Committee includes representatives from each regional Continuum. The Ad Hoc Committee plans and implements “Completing the Journey: Nebraska’s Action Plan for People Experiencing Chronic Homelessness,” including the following goals:

- 1) Maintain a statewide infrastructure to lead in statewide planning;
- 2) Create additional and appropriate supportive housing choices;
- 3) Increase access to mainstream services;
- 4) Increase strategies addressing prevention and discharge planning; and
- 5) Data collection and evaluation.

The Department requires subrecipients to implement written ESG program standards developed by their Continuums of Care (i.e. Homeless Coalition CoC for Lincoln and Balance of State CoC for Nebraska, excluding Lincoln and Omaha). These standards will include the following, at the minimum, as identified in the ESG Interim Rule, Section 576.400:

- 1) Standard policies and procedures for evaluating individuals’ and families’ eligibility for assistance under Emergency Solutions Grant (ESG);
- 2) Standards for targeting and providing essential services related to Street Outreach;
- 3) Policies and procedures for admission, diversion, referral and discharge by emergency shelters assisted under ESG, including standards regarding length of stay, if any, and safeguards to meet the safety and shelter needs of special populations, e.g. victims of

- domestic violence, dating violence, sexual assault and stalking; and individuals and families who have the highest barriers to housing and are likely to be homeless the longest;
- 4) Policies and procedures for assessing, prioritizing, and reassessing individuals' and families' needs for essential services related to emergency shelter;
 - 5) Policies and procedures for coordination among emergency shelter providers, essential services providers, homelessness prevention providers, and rapid re-housing providers; other homeless assistance providers; and mainstream service and housing providers [see 576(b) and (c) for a list of programs with which ESG-funded activities must be coordinated and integrated to the maximum extent practicable];
 - 6) Policies and procedures for determining and prioritizing which eligible families and individuals will receive homelessness prevention assistance and which eligible families and individuals will receive rapid re-housing assistance;
 - 7) Standards for determining what percentage or amount of rent and utilities costs each program participant must pay while receiving homelessness prevention or rapid re-housing assistance;
 - 8) Standards for determining how long a particular program participant will be provided with rental assistance and whether or how the amount of that assistance will be adjusted over time; and
 - 9) Standards for determining the type, amount, and duration of housing stabilization and/or relocation services to provide to a program participant, including the limits, if any, on the homelessness prevention or rapid re-housing assistance that each program participant may receive, such as the maximum amount of assistance, maximum number of months the program participant may receive assistance, or the maximum number of times the program participant may receive assistance.

Subrecipients will be asked to provide written certification they meet the written standard requirement through the subgrant award process.

Nebraska Homeless Assistance Program Advisory Committee

State statute stipulates that the NHAP have an Advisory Committee. This Advisory Body is the Nebraska Commission on Housing and Homelessness. The Commission is composed of governor-appointed members and at-large members who represent homeless and near homeless populations across the state and housing and community economic development representatives.

The objective of the Nebraska Commission on Housing and Homelessness is to develop ongoing, specific policies and program recommendations to the Governor that address affordable housing and homelessness/near-homelessness issues.

The issues include:

- Identifying and monitoring the implementation of models of community-based affordable housing production and homeless/near-homeless programs;
- Identifying and monitoring the implementation of progressive housing and homelessness/near-homelessness policies, plans and courses of action;

- Identifying and monitoring the implementation of Continuum of Care-based models that provide supportive services for persons who are homeless or at risk of becoming homeless; and
- Monitoring implementation of the recommendations.

The Nebraska Commission on Housing & Homelessness has four standing committees:

1. Executive Committee
2. Policy & Issues Committee
3. Education & Awareness Committee
4. Continuum of Care Committee

The State Continuum of Care Committee provides input to the Commission on policies, procedures, and priorities of the NHAP. Regional Continuum of Care chairpersons or designees are members of this Advisory Committee. In this way, each Continuum participates in statewide planning on issues related to homelessness and near homelessness. Committee meetings are held quarterly via statewide conference call and are coordinated by NHAP personnel.

Each Regional Continuum of Care has membership representation from a variety of sources covering targeted homeless services, mainstream resources, NHAP and SHP funded agencies, federal and local government program representatives and businesses.

The Balance of State (BOS) Subcommittee falls under the State Continuum of Care Advisory Committee. The BOS Subcommittee has a monthly conference call, facilitated by a contractor paid through HSATF funds. Various work groups are developed by the BOS Subcommittee to address current and future needs, including the HMIS and New and Renewal Project workgroups. The HMIS workgroup addresses issues such as establishing a consistent process for gathering data. The New and Renewal Project workgroup addresses issues such as developing performance standards and evaluation processes to assist in fund allocation for SHP services across the BOS Continuum of Care. The products developed by the BOS New and Renewal Project workgroup will be shared with the State Continuum of Care Advisory Committee for their input and recommendations. The BOS Subcommittee is also coordinating the development of a centralized single point of entry system to be utilized statewide.

NHAP will request Continuum of Care comments, through either the BOS Subcommittee or the State Continuum of Care Advisory Committee regarding the following:

- Development of project performance standards;
- Funding and procedures for the administration and operation of HMIS;
- Prioritization of activities for ESG funding; and
- Identifying and addressing the needs and gaps in the homeless service delivery system.

Nebraska Homeless Assistance Program Funding

An allocation formula is used in distributing NHAP grant funds. The formula helps ensure an equitable distribution of funds throughout the entire state. Criteria include a base funding amount and consideration of the Department of Housing and Urban Development (HUD) annual Supportive Housing Program's regional Continuum of Care (CoC) NOFA pro rata regional amounts. The allocation formula, developed with input from the advisory committee, allocates a

\$50,000 base to all regions and divides the remaining allocation via consideration of HUD's regional CoC pro rata amounts. The formula is reviewed and revised as appropriate.

In order to reduce NHAP grant management and administrative burden, the NHAP adopted a two-year funding cycle in 2003. 2013-2014 is the second year of a two-year grant cycle. The first year is a competitive year and the second year is a renewal year for existing recipients. Only agencies funded during the first year are eligible for funding in the second year. All applicants must be active members of the relevant regional Continuum of Care.

Second-year renewal funding is based on the following factors: the availability of ESG and HSATF funding; the performance of the recipient based on their efforts to end and/or prevent homelessness; history and current goals; processes and procedures to ensure compliance with grant requirements; involvement of the recipient in regional, sub-regional, and state Continuums of Care, Committees, Subcommittees and/or Task Forces; use and accounting of prior year funds; and the status and quality of HMIS/ServicePoint data and reports or corollary data and reports for domestic violence prevention subgrantees.

Should ESG and HSATF funding for 2013-2014 remain at the same level as 2012-13, the same amount of funds shall be allocated to each region. Should ESG and HSATF funding for 2013-2014 be less than was available for 2012-2013, regional allocations shall be reduced by the same percentage. Should ESG and HSATF funding for 2013-2014 exceed that available for 2012-2013, the additional funds shall be divided amongst applicants whose requested funding exceeded the amount available in their region, based on the factors described above, their score on the 100-point performance scale and the recommendations of the grant application review teams described in the following section.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

Estimated Allocations for ESG Categories

Below is a draft of the table that will be utilized to provide the breakdown of the estimated allocations for each of the ESG Categories in order to ensure that no more than 60 percent of the total funds available are allocated to Street Outreach (SO) and Emergency Shelter (ES) services. In this instance, SO and ES services must be below the approximate \$447,698, which is 60 percent of the total funds.

At this time, DHHS does not have all the available information in order to make complete estimates for all the Service Categories (as noted below), due to the ESG awards being announced in late May and the amounts being significantly less than the previously provided projections that included reductions based on 8% and 5% reductions due to Sequestration. In addition, the ESG grant review teams were not able to provide specific funding recommendations as the amount of final funding amounts were unknown at the time of the review team meetings. DHHS will be providing HUD additional information in the coming weeks once an additional evaluation is completed which will address the complete Service Category allocations.

Service	ESG Funds
Street Outreach (SO)	
Emergency Shelter (ES)	
SO & ES Subtotal (Maximum Below 60% of Total)	\$447,698
Homelessness Prevention	
Rapid Re-housing	
HMIS	
Services Subtotal	
Administration	
Grand Total	\$746,163

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

Distribution of NHAP Funds

Applications in the 2013-2014 renewal grant cycle will be reviewed by teams composed of representatives of the governor-appointed Nebraska Commission on Housing and Homelessness, State Continuum of Care Committee, Department of Health and Human Services, and other collaborating departments. The NHAP Coordinator, charged with monitoring NHAP subgrantees, facilitates the review process. Applications for the 2013-2014 grant year will be reviewed using the following criteria and point system (numerical weight is assigned to each section) with a maximum total of 100 points, which were developed based on input from the

STANDARD	MEASUREMENT
Agency actively participates and/or takes a leadership role in Local, Regional and/or State Continuums of Care Committees, Subcommittees, Task Forces and/or Projects	0-10 points based on the Applicant's description of the level of their participation/ leadership in CoC-related meetings <i>plus</i> 0-5 points based on the % of meetings attended TOTAL POSSIBLE PTS = 15
Agency actively works to end and/or prevent homelessness through *outreach to target population (*outreach = agency's efforts to inform their target population about the availability of their services and how to access them)	0-15 points based on the Applicant's description of the level of their effort to end and/or prevent homelessness through outreach to their target population TOTAL POSSIBLE PTS = 15
Agency actively works to move program participants to (or maintain them stably in) safe, permanent housing	0-10 points based on the Applicant's description of the level of their efforts to move participants to (or maintain them stably in) safe, permanent housing <i>plus</i> 0-5 points based on the % of participants discharged to safe, permanent housing (or percentage of participants who received prevention services and did not return to homelessness (or become homeless) TOTAL POSSIBLE PTS = 15
Agency has processes and procedures in place to ensure data is accurate and complete and data and reports are submitted timely	0-10 points based on the percentage of data fields completed for each participant in HMIS or domestic violence report TOTAL POSSIBLE PTS = 10
Agency has processes and procedures in place to ensure budgeting and reimbursement requests are accurate and complete and submitted timely	0-10 points based on the Applicant's description of agency's processes and procedures to ensure budgeting and billing accuracy, completeness and timeliness TOTAL POSSIBLE PTS = 10
Agency has processes and procedures in place to ensure compliance with Emergency Solutions Grant Program requirements	0-15 points based on the Applicant's description of agency's processes and procedures to ensure compliance with ESG requirements TOTAL POSSIBLE PTS = 15
Agency submits a quality NHAP funding application	0-10 points based on the information in the application appearing accurate, complete & well-presented TOTAL POSSIBLE PTS = 10
Agency submits a quality application budget, budget narrative & personnel description	0-10 points based on the information appearing accurate, complete & well-presented TOTAL POSSIBLE PTS = 10

Continuums of Care via electronic survey:

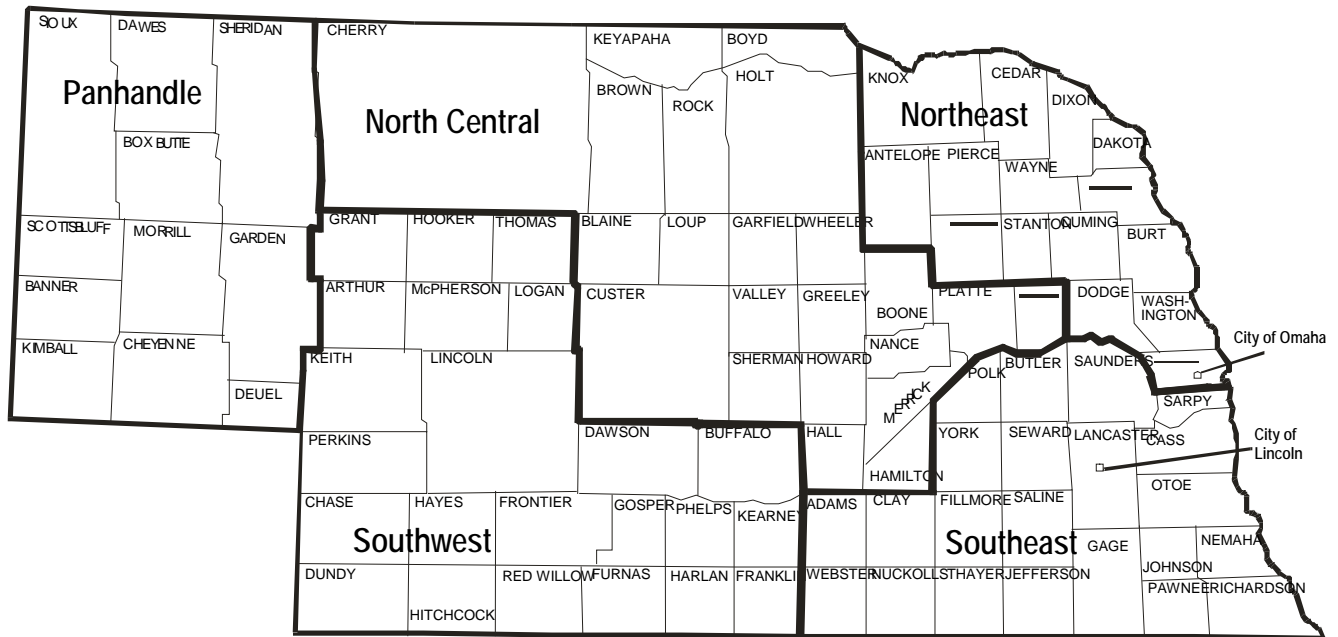
The application timeline for the 2013-2014 renewal grant cycle is as noted. The RFA and application documents will be made available on the NHAP website.

Application Process Timeline and Description		
Date	Action	Responsible Parties
December 14, 2012	Online posting of the RFA and application via the DHHS NHAP website. Notification of the posting will be emailed to the statewide Continuum of Care network, which includes current NHAP grantees.	DHHS-CFS NHAP
February 22, 2013	Applications submitted to DHHS-CFS	Applicant
March 25, 2013	Any additional information needed from applicants is submitted.	Applicant
March-May 2013	Review process.	DHHS-CFS NHAP
May-June 2013	Negotiation and allocation process.	DHHS-CFS NHAP
June 30, 2013	Awards, contingent upon funding, announced.	DHHS-CFS NHAP

Nebraska Management Information System (NMIS)

The NHAP provides annual sole-source HSATF funding to the University of Nebraska-Center for Children, Families, and the Law (CCFL) and the Iowa Institute on Community Alliances (IICA) to ensure HMIS/ServicePoint data collection in all statewide Continuum regions. HMIS System Administrators for each Continuum region will continue to work toward continuous improvement of participation from agency end users and data sharing. The HMIS focus for 2012-2013 will continue to be data integrity monitoring since that is critical to the provision of unduplicated data.

Continuum of Care Regions



Nebraska Homeless Assistance Program (NHAP) Continuum of Care Regions

- Region 1: Panhandle** (Sioux, Dawes, Sheridan, Box Butte, Scotts Bluff, Morrill, Garden, Banner, Kimball, Cheyenne, Deuel counties)
- Region 2: North Central** (Cherry, Keya Paha, Boyd, Brown, Rock, Holt, Blaine, Loup, Garfield, Wheeler, Boone, Platte, Colfax, Custer, Valley, Greeley, Sherman, Howard, Nance, Hall, Merrick, Hamilton counties)
- Region 3: Southwest** (Grant, Hooker, Thomas, Arthur, McPherson, Logan, Keith, Lincoln, Perkins, Dawson, Buffalo, Chase, Hayes, Frontier, Gosper, Phelps, Kearney, Dundy, Hitchcock, Red Willow, Furnas, Harlan, Franklin counties)
- Region 4: Southeast** (Polk, Butler, Saunders, Sarpy, York, Seward, Lancaster [Lincoln excluded], Cass, Otoe, Fillmore, Saline, Adams, Clay, Webster, Nuckolls, Thayer, Jefferson, Gage, Johnson, Nemaha, Pawnee, Richardson counties)
- Region 5: Northeast** (Knox, Cedar, Dixon, Dakota, Antelope, Pierce, Wayne, Thurston, Madison, Stanton, Cuming, Burt, Dodge, Washington, Douglas counties [Omaha excluded])
- Region 6: Lincoln**
- Region 7: Omaha**

Section Seven: Housing Opportunities for Persons With AIDS Services Priority

ENSURE APPROPRIATE EMERGENCY AND/OR
PERMANENT HOUSING AND SERVICES FOR PEOPLE WHO
ARE HOMELESS OR AT IMMINENT RISK OF BECOMING
HOMELESS BY DISTRIBUTING FUNDING TO PROJECT
SPONSOR TO MEET THE NEEDS OF PERSONS LIVING
WITH HIV/AIDS.

HOPWA Services Priority Statement & Objective

HOPWA SERVICES PRIORITY: ENSURE APPROPRIATE EMERGENCY AND/OR PERMANENT HOUSING AND SERVICES FOR PEOPLE WHO ARE HOMELESS OR AT IMMINENT RISK OF BECOMING HOMELESS BY DISTRIBUTING FUNDING TO PROJECT SPONSOR TO MEET THE NEEDS OF PERSONS LIVING WITH HIV/AIDS.

The State of Nebraska's Objective developed to meet the HOPWA Services Priority is:

Objective One: Provide housing assistance and related supportive services to low income persons with HIV/AIDS and their families and enable low income person with HIV/AIDS to achieve stability in housing, reduce risks of homelessness and increase access to healthcare.

Housing Opportunities for Persons With AIDS (HOPWA) Program

The Housing Opportunities for Persons With AIDS (HOPWA) Program was authorized by the AIDS Housing Opportunity Act, and revised under the Housing and Community Development Act of 1992, to provide States and localities with the resources and incentives to devise and implement long-term comprehensive strategies for meeting the housing needs of low-income persons with acquired immunodeficiency syndrome (AIDS) and related diseases, and their families. Activities of primary importance are providing housing and services that assist this population to obtain and maintain affordable housing where they can maintain complex medication regimens and address HIV/AIDS related problems. Funds are appropriated annually by Congress to the U.S. Department of Housing and Urban Development (HUD) for administration of this program. HOPWA funds are then awarded by a formula allocation to eligible States and Eligible Metropolitan Statistical Areas (EMSAs) that meet the minimum number of cumulative AIDS cases. States and metropolitan areas coordinate use of HOPWA funds with their respective Consolidated Plan, a collaborative process whereby the state or metropolitan area establishes a unified vision for community development actions. Currently, only the State is eligible to receive formula funds in Nebraska.

The State of Nebraska began receiving Housing Opportunities for Persons With AIDS (HOPWA) formula funds in 2008 from the U.S. Department of Housing and Urban Development. The HOPWA Program is administered by the Nebraska Department of Health and Human Services (DHHS) and located within the Infectious Disease Prevention and Care Unit within the Division of Public Health. The Infectious Disease Prevention and Care Unit consists of the following programs (see diagram on Section 7 – 5):

- HOPWA
- HIV Prevention
- HIV Surveillance
- Sexually Transmitted Diseases (STD)
- Tuberculosis (TB)

- Hepatitis
- Ryan White Part B

The DHHS grants these HOPWA funds to the Nebraska AIDS Project (NAP) who serves as project sponsor with offices located in Omaha, Lincoln, Kearney, Norfolk and Scottsbluff. NAP is the only AIDS Service Organization in Nebraska to provide case management services statewide to persons living with the HIV/AIDS disease. Therefore, grant funds are awarded directly through a sole source contract deviation process. Contact information for NAP's offices can be found in Section 7 – 6.

The DHHS contracts with Assistive Technology Partnership (ATP), a division within the Nebraska Department of Education. ATP is responsible for providing/maintaining the states' housing resource database, identifying resources for NAP's case management staff, and conducting Housing Quality Standard (HQS) inspections in the Lincoln and Omaha area. HQS inspections for the balance of the state are coordinated with the local public housing authorities. Due to a reduction in funding, some of the activities performed by ATP will now be performed by NAP staff in 2013.

The goal for the HOPWA Program is to provide decent, safe and affordable housing and supportive services to people who are homeless and/or at imminent risk of becoming homeless. Eligibility for HOPWA funded services requires at least one person in the household be infected with the HIV virus and a household income at or below 80% of the area median income. Households with incomes above 80% of the area median income are eligible to receive HOPWA funded housing counseling and referral services.

A strategy of the HOPWA Program is to support and facilitate the Nebraska AIDS Project's (project sponsor) participation and involvement in the seven (7) regional Continuum of Care committees. NDHHS participates on the Statewide Continuum of Care committee as well as on the 10 Year Plan to End Chronic Homelessness Ad Hoc committee. These collaborations help to ensure the special needs of persons living with HIV/AIDS in Nebraska are represented at both the regional and the state level planning processes. The HOPWA Program also participates in the Nebraska HIV Care and Prevention Consortium (NHCPC) which consists of HIV/AIDS medical/service providers, consumers, etc. A representative of the Nebraska Red Ribbon Community (a geographical, diverse group of persons living with HIV/AIDS that work together to enhance and enrich the lives of fellow HIV positive persons through leadership and partnership with the state and other local organizations) participates on the NHCPC. Staff works closely with the Ryan White All Parts committee members to coordinate services for persons living with HIV/AIDS.

The loss of competitive funds has significantly impacted the Nebraska HOPWA Program. The number of households receiving tenant-based rental assistance was reduced from 52 annually to 12. The number of households eligible for short-term emergency rent/mortgage was reduced by 50%. The Program continues to look for additional resources to maintain the program. However, the current integrity of the HOPWA Program has been significantly impacted.

Actions for the 2013 Program Year

The Program Manager for the NDHHS HOPWA program has met with several programs/agencies in search of additional funding to decrease the impact of housing assistance and supportive services to persons/families living with HIV/AIDS. This will continue to be a priority in the 2013 Program Year. Supplemental Ryan White Part B funds have been allocated to the HOPWA Program to assist families impacted by the significant decrease in housing assistance.

Through the HOPWA Program, activities to be funded include an array of supportive services including standard and intensive case management services with a medical and self-sufficiency component, outreach to HIV+ homeless persons/families and homeless service providers, emergency rental/mortgage assistance, tenant-based rental assistance, permanent housing placement (first/last month's rent, security deposit and rental application fee), housing information services and resource identification.

HOPWA funds are used to support the goal of reducing homelessness and increasing housing stability for special needs populations via the following activities:

- Tenant-Based Rental Assistance, \$109,968 allocated to assist 12 households annually
- Short-Term Rent and Mortgage Assistance, \$56,000 to assist 30 households annually
- Supportive Services, \$129,000 allocated to assist 50 households annually
- Permanent Housing Placement, \$7,541 allocated to assist 13 households annually
- Housing Information Services, \$12,000 allocated to assist 13 households annually
- Resource Identification, \$5,000 allocated annually to assist HOPWA staff in identifying and collaborating with outside housing and supportive service resources

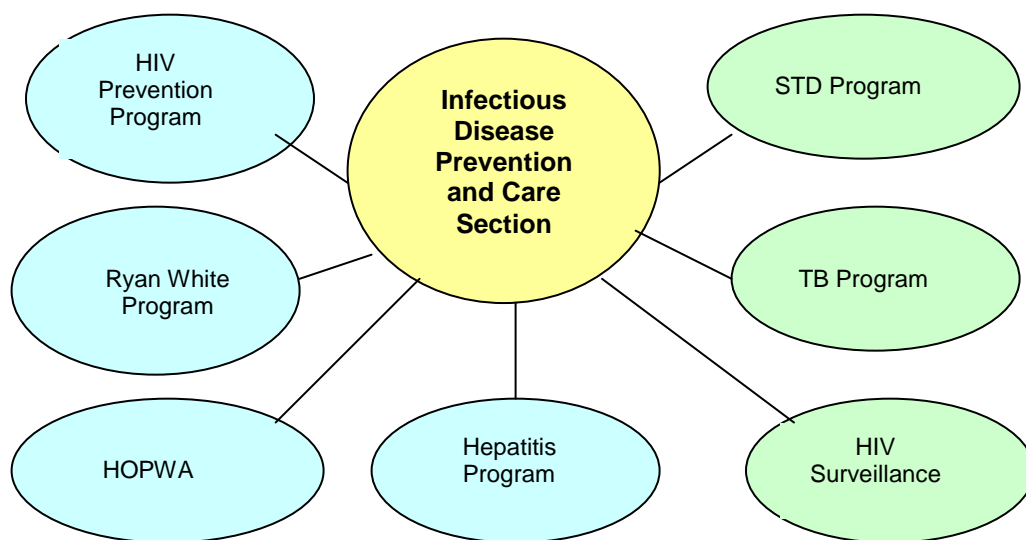
The HOPWA Program has prioritized outreach to the chronically homeless and homeless persons/families living with HIV/AIDS to help address their housing and supportive/medical needs.

The State of Nebraska's performance indicators for the Objective developed to meet the HOPWA Services Priority are outlined in the following table:

Specific Objective	Outcome/Objective	Sources of Funds	Performance Indicators	Year	Expected Number	Actual Number	Percent Complete
	Specific Annual Objective						
DH-1	Availability/Accessibility of Decent Housing						
HOMELESS SERVICES AND PREVENTION ACTIVITIES FOR PERSONS WITH HIV/AIDS							
DH-1.1	PROVIDE HOUSING ASSISTANCE AND RELATED SUPPORTIVE SERVICES TO LOW INCOME PERSONS WITH HIV/AIDS AND THEIR FAMILIES AND ENABLE LOW INCOME	HOPWA	Number of households receiving tenant-based rental assistance.	2010	12	48	100%
				2011	12	43	100%
				2012	12		
				2013	12		
				2014			
			Amount of funds spent on tenant-based rental assistance.	2010	\$105,000	\$59,797	57%
				2011	\$105,000	\$113,493	100%
				2012	\$105,000		
				2013	\$105,000		
				2014			
			Number of households	2010	30	78	100%
				2011	30	63	100%

PERSONS WITH HIV/AIDS TO ACHIEVE STABILITY IN HOUSING, REDUCE RISKS OF HOMELESSNESS AND INCREASE ACCESS TO HEALTHCARE.	receiving short-term rent and mortgage assistance.	2012	30		
		2013	30		
		2014			
	Amount of funds spent on short-term rent and mortgage assistance.	2010	\$50,000	\$5,967	12%
		2011	\$50,000	\$51,962	100%
		2012	\$50,000		
		2013	\$50,000		
		2014			
	Number of households receiving supportive services.	2010	50	136	100%
		2011	50	102	100%
		2012	50		
		2013	50		
		2014			
	Amount of funds spent on housing supportive services.	2010	\$94,000	\$99,742	100%
		2011	\$94,000	\$141,111	100%
		2012	\$94,000		
		2013	\$94,000		
		2014			
	Number of households receiving permanent housing placement.	2010	13	9	69%
		2011	13	9	69%
		2012	13		
		2013	13		
		2014			
	Amount of funds spent on permanent housing placement.	2010	\$10,000	\$3,059	31%
		2011	\$10,000	\$7,814	78%
		2012	\$10,000		
		2013	\$10,000		
		2014			
	Number of households receiving housing information services.	2010	13	136	100%
		2011	13	102	100%
		2012	13		
		2013	13		
		2014			
	Amount of funds spent on housing information services.	2010	\$25,000	\$4,313	17%
		2011	\$25,000	\$5,728	23%
		2012	\$25,000		
		2013	\$25,000		
		2014			
	Amount of funds allocated annually to assist HOPWA staff in identifying and collaborating with outside housing and supportive service resources.	2010	\$5,000	\$0	0%
		2011	\$5,000	\$0	0%
		2012	\$5,000		
		2013	\$5,000		
		2014			

DIAGRAM OF NDHHS INFECTIOUS DISEASE PREVENTION AND CARE UNIT



NEBRASKA AIDS PROJECT

OFFICE LOCATIONS

Nebraska AIDS Project-Omaha
250 s 77TH Street, Suite A
Omaha, NE 68114
402-552-9260

Nebraska AIDS Project-Kearney
11 W. Railroad St.
Kearney, NE 68847
308-338-0527

Nebraska AIDS Project-Lincoln
1921 S. 17th Street
Lincoln, NE 68502
402-476-7000

Nebraska AIDS Project-Norfolk
123 No. 4th Street, Suite 8
Norfolk, NE 68701
402-649-3584

Nebraska AIDS Project-Scottsbluff
4500 Avenue I
Scottsbluff, NE 69361
308-635-3807

Section Eight: Application Acceptance Dates and Categorical Distribution

2013 Application Acceptance Dates

Nebraska Department of Economic Development Housing and Community Development Programs

Funding Priority/Category	Application Closing
Housing	
Nebraska Affordable Housing Program <ul style="list-style-type: none"> Annual Cycle <ul style="list-style-type: none"> Pre-application and Threshold Items Application Due CDBG OOR Cycle <ul style="list-style-type: none"> Pre-application and Threshold Items Application Due LIHTC Tax Credit Application with NIFA	 March 8, 2013 April 30, 2013 May 31, 2013 July 19, 2013 May 2013 (Round 1) July 2013 (Round 2) CRANE Cycle (Ongoing)
Community Development	
Comprehensive Revitalization <ul style="list-style-type: none"> Needs Assessment & Revitaliz. Strategy Phase I Application Phase II Application Phase III Application 	November 16, 2012 June 28, 2013 June 30, 2014 August 31, 2015
Comprehensive Investment & Stabilization <ul style="list-style-type: none"> Strategy Application Phase II <ul style="list-style-type: none"> Year One Year Two Year Three 	June 3, 2013 May 1, 2014 August 3, 2015 August 1, 2016
Public Works <ul style="list-style-type: none"> First Cycle Second Cycle (If needed) 	July 1, 2013 To Be Determined
Water Wastewater	Open Cycle, begins May 1, 2013
Planning <ul style="list-style-type: none"> First Cycle Second Cycle Third Cycle 	April 12, 2013 November 1, 2013 Open Cycle, begins after Second Cycle
Downtown Revitalization <ul style="list-style-type: none"> First Cycle <ul style="list-style-type: none"> Pre-application Planning Phase Implemented Phase II Application (Project) Second Cycle (If Needed) 	March 29, 2013 June 2013 – March 2014 March 28, 2014 To Be Determined

For additional information please visit the Department's website at <http://www.neded.org> for the most current information regarding the 2013 Community Development & Housing Application Guideline Workshops, and other training events.

2013 Application Acceptance Dates (Continued)

Nebraska Department of Economic Development Economic Development Program

Nebraska Department of Health and Human Services Homeless Services Program and HOPWA Program

Funding Priority/Category	Application Closing
Economic Development	
Economic Development	Open Cycle
Tourism Development	Open Cycle (begins May 2013)
Homeless Services	
ESG & HSATF Applications	February 22, 2013
HOPWA	
HOPWA Application	Open Cycle

2013 Categorical Distribution

Funding resources from CDBG, HOME, ESG, HOPWA, HSATF, and the NAHTF provide opportunities for creating decent, affordable housing and a suitable living environment, and expanding economic opportunity through economic self-sufficiency and quality jobs to Nebraska.

Priority/Category	CDBG	NAHTF	HOME	ESG	HSATF	HOPWA
Section Three: Housing Affordable Housing Program <ul style="list-style-type: none"> CHDO set-aside 	\$1,900,000	\$6,000,000	\$2,250,000 \$450,000			
Section Four: Community Development <ul style="list-style-type: none"> Comprehensive Revitalization Comprehensive Investment & Stabilization Public Works Water Wastewater Planning Downtown Revitalization 	\$1,201,429 \$1,270,000 \$1,000,000 \$1,050,000 \$350,000 \$1,000,000					
Section Five: Economic Development <ul style="list-style-type: none"> Economic Development Tourism Development 	\$2,000,000 \$239,377					
Section Six: Homeless Services <ul style="list-style-type: none"> Homeless Shelter & Homeless Assistance and Prevention Services 				\$690,201	\$2,029,167	
Section Seven: HOPWA Services <ul style="list-style-type: none"> Housing Opportunities for persons With AIDS 						\$328,830
TOTAL DISTRIBUTION	\$10,010,806	\$6,000,000	\$2,700,000	\$690,201	\$2,029,167	\$328,830

NOTE: Beginning on Section 2-10 of the 2013 Annual Action Plan, the distribution of “Other Funds” which include Remaining Funds, Reallocated Funds, Redistributed Funds and Program Income is explained. These funds will be utilized in the Priorities/Categories identified in the 2013 Categorical Distribution as explained in Section 2.

Section Nine: Certifications

State Certifications

In accordance with the applicable statutes and the regulations governing the consolidated plan regulations, the State certifies that:

Affirmatively Further Fair Housing - The State will affirmatively further fair housing, which means it will conduct an analysis of impediments to fair housing choice within the state, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting that analysis and actions in this regard.

Anti-displacement and Relocation Plan - It will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and implementing regulations at 49 CFR 24; and it has in effect and is following a residential anti-displacement and relocation assistance plan required under Section 104(d) of the Housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding under the CDBG or HOME programs.

Drug-Free Workplace - It will or will continue to provide a drug-free workplace by:

1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
2. Establishing an ongoing drug-free awareness program to inform employees about –
 - a) The dangers of drug abuse in the workplace;
 - b) The grantee's policy of maintaining a drug-free workplace;
 - c) Any available drug counseling, rehabilitation, and employee assistance programs; and
 - d) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
3. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by Paragraph 1;
4. Notifying the employee in the statement required by Paragraph 1 that, as a condition of employment under the grant, the employee will:
 - a) Abide by the terms of the statement; and
 - b) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
5. Notifying the agency in writing, within ten calendar days after receiving notice under Subparagraph 4(b) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
6. Taking one of the following actions, within 30 calendar days of receiving notice under Subparagraph 4(b), with respect to any employee whom is convicted -

- a) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended;
 - b) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of Paragraphs 1, 2,3,4,5, and 6.

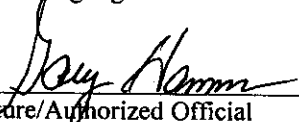
Anti-Lobbying - To the best of the State's knowledge and belief:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or any employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and
3. It will require that the language of Paragraphs 1 and 2 of this certification be included in the award documents for all sub awards at all tiers (including subcontracts, sub grants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

Authority of State - The submission of the consolidated plan is authorized under State law and the State possesses the legal authority to carry out the programs under the consolidated plan for which it is seeking funding, in accordance with applicable HUD regulations.

Consistency with Plan - The housing activities to be undertaken with CDBG, HOME, ESG, and HOPWA funds are consistent with the strategic plan.

Section 3 - It will comply with Section 3 of the Housing and Urban Development Act of 1968, and implementing regulations at 24 CFR Part 135.


Signature/Authorized Official

5-9-10
Date

Gary Hamer
Name

Deputy Director, Nebraska Department of Economic Development
Title

301 Centennial Mall South, PO Box 94666, Lincoln, NE 68509-4666
Address

402-471-4388
Telephone Number

Specific CDBG Certifications

The State certifies that:

Citizen Participation - It is in full compliance and following a detailed citizen participation plan that satisfies the requirements of 24 CFR §91.115 and each unit of general local government that receives assistance from the State is or will be following a detailed citizen participation plan that satisfies the requirements of 24 CFR §570.486.

Consultation with Local Governments - It has or will comply with the following:

1. It has consulted with affected units of local government in the nonentitlement area of the State in determining the method of distribution of funding;
2. It engages in or will engage in planning for community development activities;
3. It provides or will provide technical assistance to units of local government in connection with community development programs; and
4. It will not refuse to distribute funds to any unit of general local government on the basis of the particular eligible activity selected by the unit of general local government to meet its community development needs, except that a State is not prevented from establishing priorities in distributing funding on the basis of the activities selected.

Local Needs Identification - It will require each unit of general local government to be funded to identify its community development and housing needs, including the needs of low-income and moderate-income families, and the activities to be undertaken to meet these needs.

Community Development Plan - Its consolidated housing and community development plan identifies community development and housing needs and specifies both short-term and long-term community development objectives that have been developed in accordance with the primary objectives of Title I of the Housing and Community Development Act of 1974, as amended. (See 24 CFR 570.2 and 24 CFR part 570)

Use of Funds -- It has complied with the following criteria:

1. **Maximum Feasible Priority.** With respect to activities expected to be assisted with CDBG funds, it certifies that it has developed its Action Plan so as to give maximum feasible priority to activities that benefit low and moderate-income families or aid in the prevention or elimination of slums or blight. The Action Plan may also include activities which the grantee certifies are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available;
2. **Overall Benefit.** The aggregate use of CDBG funds including Section 108 guaranteed loans during program years 2013, 2014 and 2015 shall principally benefit persons of low and moderate income in a manner that ensures that at least 70 % of the amount is expended for activities that benefit such persons during the designated period;
3. **Special Assessments.** The state will require units of general local government that receive CDBG funds to certify the following:

It will not attempt to recover any capital costs of public improvements assisted with CDBG funds including Section 108 loan guaranteed funds by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements.

However, if CDBG funds are used to pay the proportion of a fee or assessment that relates to the capital costs of public improvements (assisted in part with CDBG funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds.

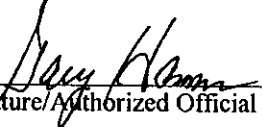
It will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108, unless CDBG funds are used to pay the proportion of fee or assessment attributable to the capital costs of public improvements financed from other revenue sources. In this case, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. Also, in the case of properties owned and occupied by moderate-income (not low-income) families, an assessment or charge may be made against the property for public improvements financed by a source other than CDBG funds if the jurisdiction certifies that it lacks CDBG funds to cover the assessment.

Excessive Force -- It will require units of general local government that receive CDBG funds to certify that they have adopted and are enforcing:

1. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and
2. A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within its jurisdiction.

Compliance with Anti-discrimination Laws - The grant will be conducted and administered in conformity with the Title VI of the Civil Rights Act of 1964 (42 USC 2000d), the Fair Housing Act (42 USC 3601-3619), and implementing regulations.

Compliance with Laws - It will comply with applicable laws.


Signature/Authorized Official

5-9-13
Date

Gary Hamer

Name

Deputy Director, Nebraska Department of Economic Development

Title

301 Centennial Mall South, PO Box 94666, Lincoln, NE 68509-4666

Address

402-471-4388

Telephone Number

Specific HOME Certifications


The State certifies that:

Tenant-Based Rental Assistance -- If it intends to provide tenant-based rental assistance:

The use of HOME funds for tenant-based rental assistance is an essential element of the State's consolidated plan.

Eligible Activities and Costs - It is using and will use HOME funds for eligible activities and costs, as described in 24 CFR §92.205 through §92.209 and that it is not using and will not use HOME funds for prohibited activities, as described in §92.214.

Appropriate Financial Assistance - Before committing any funds to a project, the State or its recipients will evaluate the project in accordance with the guidelines that it adopts for this purpose and will not invest any more HOME funds in combination with other Federal assistance than is necessary to provide affordable housing.


Signature/Authorized Official

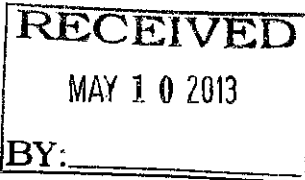
5-9-13
Date

Gary Hamer
Name

Deputy Director, Nebraska Department of Economic Development
Title

301 Centennial Mall South, PO Box 94666, Lincoln, NE 68509-4666
Address

402-471-4388
Telephone Number



ESG Certifications

Each State that seeks funding under the Emergency Solutions Grants Program must provide the following certifications:

Matching Funds – The State will obtain any matching amounts required under 24 CFR 576.201 in a manner so that its subrecipients that are least capable of providing matching amounts receive the benefit of the exception under 24 CFR 576.201(a)(2).

Discharge Policy – The State will establish and implement, to the maximum extent practicable and where appropriate, policies and protocols for the discharge of persons from publicly funded institutions or systems of care (such as health care facilities, mental health facilities, foster care or other youth facilities, or correction programs and institutions) in order to prevent this discharge from immediately resulting in homelessness for these persons.

Confidentiality – The State will develop and implement procedures to ensure the confidentiality of records pertaining to any individual provided family violence prevention or treatment services under any project assisted under the ESG program, including protection against the release of the address or location of any family violence shelter project, except with the written authorization of the person responsible for the operation of that shelter.

The State will ensure that its subrecipients comply with the following criteria:

Major rehabilitation/conversion – If an emergency shelter's rehabilitation costs exceed 75 percent of the value of the building before rehabilitation, the building will be maintained as a shelter for homeless individuals and families for a minimum of 10 years after the date the building is first occupied by a homeless individual or family after the completed rehabilitation. If the cost to convert a building into an emergency shelter exceeds 75 percent of the value of the building after conversion, the building will be maintained as a shelter for homeless individuals and families for a minimum of 10 years after the date the building is first occupied by a homeless individual or family after the completed conversion. In all other cases where ESG funds are used for renovation, the building will be maintained as a shelter for homeless individuals and families for a minimum of 3 years after the date the building is first occupied by a homeless individual or family after the completed renovation.

Essential Services and Operating Costs – If ESG funds are used for shelter operations or essential services related to street outreach or emergency shelter, the subrecipient will provide services or shelter to homeless individuals and families for the period during which the ESG assistance is provided, without regard to a particular site or structure, so long the applicant serves the same type of persons (e.g., families with children, unaccompanied youth, veterans, disabled individuals, or victims of domestic violence) or persons in the same geographic area.

Renovation – Any renovation carried out with ESG assistance shall be sufficient to ensure that the building involved is safe and sanitary.

Supportive Services – The subrecipient will assist homeless individuals in obtaining permanent housing, appropriate supportive services (including medical and mental health treatment, counseling, supervision, and other services essential for achieving independent living), and other Federal State, local, and private assistance available for such individuals.

Homeless Persons Involvement – To the maximum extent practicable, the subrecipient will involve, through employment, volunteer services, or otherwise, homeless individuals and families in constructing, renovating, maintaining, and operating facilities, in providing services assisted under the ESG program, and in providing services for occupants of facilities assisted ESG.

Consolidated Plan – All activities the subrecipient undertakes with assistance under ESG are consistent with the State's current HUD-approved consolidated plan.

Jill Schneck
Signature/Authorized Official

5/9/2013
Date

Deputy Director
Title

HOPWA Certifications

The State HOPWA grantee certifies that:

Activities -- Activities funded under the program will meet urgent needs that are not being met by available public and private sources.

Building -- Any building or structure assisted under the program shall be operated for the purpose specified in the plan:

1. For at least 10 years in the case of any building or structure purchased, leased, rehabilitated, renovated, or converted with HOPWA assistance,
2. For at least 3 years in the case of assistance involving non-substantial rehabilitation or repair of a building or structure.

Judy Methen
Signature/Authorized Official

5/10/13
Date

Deputy Director
Title

APPENDIX TO CERTIFICATIONS

INSTRUCTIONS CONCERNING LOBBYING AND DRUG-FREE WORKPLACE REQUIREMENTS:

A. Lobbying Certification

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

B. Drug-Free Workplace Certification

1. By signing and/or submitting this application or grant agreement, the grantee is providing the certification.
2. The certification is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, HUD, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.
3. Workplaces under grants, for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplace(s) at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.
4. Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio stations).
5. If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see paragraph three).
6. The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant: Place of Performance (Street address, city, county, state, zip code). Check if there are workplaces on file that are not identified here. Their certification with regard to the drug-free workplace is required by 24 CFR part 21.

The sites for the performance of work done in connection with the specific grant are as follows:

Place of Performance:

Department of Economic Development
301 Centennial Mall South
P.O. Box 94666
Lincoln, NE 68509-4666

Department of Economic Development
West Regional Field Office
4500 Avenue I, Suite 147
Scottsbluff, NE 69363-1500

Department of Economic Development
1101 Halligan Drive, Building #10
North Platte, NE 69101

Department of Economic Development
North Central Regional Field Office
PO Box 272
Spencer, NE 68777

Department of Economic Development
South Central Regional Field Office
PO Box 704
Holdrege, NE 68813

Department of Economic Development
Central Housing Specialist Office
4735 Avenue E
Kearney, NE 68847

Department of Economic Development
Western Housing Specialist Office
640 Road 209
Big Springs, NE 69122

Department of Economic Development
13006 W Center Road
Omaha, NE 68144

Department of Economic Development
207 E 29th Street
Kearney, NE 68847

Department of Health and Human Services
301 Centennial Mall South
PO Box 95026
Lincoln, NE 68509-5026

Check with the Department of Economic Development, PO Box 94666, Lincoln, NE 68509-4666 Personnel Office to see if there are workplaces on file that are not identified here; The certification with regard to the drug-free workplace required by 24 CFR Part 24, Subpart F.

7. Definitions of terms in the Nonprocurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules:

"Controlled substance" means a controlled substance in Scheduled I through V of the Controlled Substances Act (21 U.S.C. 812) and as further defined by regulation (21 CFR 1308.11 through 1308.15);

"Conviction" means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes;

"Criminal drug statute" means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance;

"Employee" means the employee of a grantee directly engaged in the performance of work under a grant, including: (i) all "direct charge" employees; (ii) all "indirect charge" employees unless their impact or involvement is insignificant to the performance of the grant; and (iii) temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the grantee's payroll; or employees of subrecipients or subcontractors in covered workplaces).

Note that by signing these certifications, certain documents must be completed, in use, and on file for verification. These documents include:

1. Analysis of Impediments to Fair Housing
2. Citizen Participation Plan
3. Anti-displacement and Relocation Plan



Signature/Authorized Official

5-9-13

Date

Gary Hamer

Name

Deputy Director, Nebraska Department of Economic Development

Title

301 Centennial Mall South, PO Box 94666, Lincoln, NE 68509-4666

Address

402-471-4388

Telephone Number

GUIDELINES FOR RESALE OR RECAPTURE OF HOME-FUNDED PROJECT

DED structures these guidelines based on individual program design and market conditions.

Use of Resale Provisions for HOME-Funded Projects

Resale provisions ensure that the housing is made available for subsequent sale to a HOME Program eligible buyer and that such buyer will use the property as their principal residence. Resale provisions will be utilized for projects involving development subsidies. A development subsidy is the difference between the cost of developing or producing the housing unit and the market value of the housing unit. A development subsidy does not go directly to the homebuyer; it makes the development of an affordable housing unit more feasible.

Resale provisions will be enforced through imposition of liens (such as mortgages or deeds of trust), deed restrictions, covenants running with the land, or other similar mechanisms. Projects will be monitored for the duration of the affordability period to ensure that the housing is affordable to purchasers subsequent to the original homeowner, that subsequent purchasers are eligible, and that the original HOME-assisted owner receives a fair return on investment. Affordability to a reasonable range of low-income buyers shall be ensured by restricting the sale price to a price that is not greater than what would be affordable to a family at 75% of area median income that will pay no more than 30% of their income for principal and interest payments, assuming a 30 year fixed rate mortgage at the current FHA interest rate. The sales price shall be equal to or greater than 85% of the property valuation as determined by the County Assessor to ensure a fair return on investment. In the event that the maximum sales price to ensure affordability to low-income buyers is less than the minimum sales price to ensure a fair return investment, the home sales price to ensure affordability to low-income buyers shall be adjusted upward to include HOME assistance available for downpayment and closing costs. In this case, the subsequent buyer will receive priority consideration for downpayment and closing cost assistance provided by DED HOME funds available in the service area through existing contracts with DED HOME-funded homebuyer assistance providers. These restrictions may terminate upon the occurrence of events such as foreclosure or transfer in lieu of foreclosure, but shall be revived according to their original terms if, during the original affordability period, the owner of record before the termination event, or any newly formed entity that includes the former owner, or those with whom the former owner has or had family or business ties, obtains an ownership interest in the housing.

Use of Recapture Provisions for HOME-Funded Projects

Recapture provisions ensure recouping of HOME Program Funds if housing does not continue to be the principal residence of the family for the duration of the period of affordability. Recapture provisions will be utilized for projects involving direct subsidies, or a combination of direct and development subsidies. A direct subsidy consists of any financial assistance that reduces the purchase price of the HOME-assisted unit from fair market value to an affordable price, or otherwise subsidizes the purchase (e.g. downpayment or closing cost assistance, subordinate financing). Recaptured HOME funds will be used to carry out HOME-eligible activities. DED reserves the right to choose the method of recapture based on the facts and circumstances of each individual project. The following methods of recapture will be used:

1. Recapture the entire amount of the HOME investment, or the net proceeds from sale if such net proceeds are less than the entire amount of the HOME investment. Net Proceeds means the sales price of the housing minus loan repayments (other than repayment of HOME funds) and minus normal closing costs).
2. Recapture the entire amount of the HOME investment, except that the HOME investment amount may be reduced pro-rata based on the time the homeowner has owned and occupied the unit measured against the required affordability period.
3. If the Net Proceeds are not sufficient to recapture the full [or a reduced amount as provided for in the above paragraph (item #2)] HOME investment plus enable the homeowner to recover the amount of the homeowner's downpayment and any capital improvement investment, there may be a sharing of the net proceeds.

The net proceeds may be divided proportionally as set forth in the following mathematical formulas:

$$\frac{\text{HOME Investment}}{\text{HOME investment} + \text{homeowner investment}} \times \text{Net proceeds} = \text{HOME amount to be recaptured}$$

$$\frac{\text{Homeowner Investment}}{\text{HOME investment} + \text{homeowner investment}} \times \text{Net proceeds} = \text{amount to homeowner}$$